

The Gulag Grand Tour

There are thousands of living ghosts. They are people like Ivan, a gnarled creature



The laughing lender

He has so much money that if the Jamaican currency gets into trouble he can underwrite it

Page I

Page III

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AUGUST 23 / AUGUST 24 1997



Provence madness

Brigid's tastes have left their mark on my newly-bought house, seemingly forever



Shanghai cross roads

By Monday I had been stopped by the police four times, fined once, and my car had been towed away

Page IV

Page XVIII

MCI cuts price to save BT deal

Group's fear of litigation prompts 15% reduction

By Clay Harris and Alan Cane in London and Tracy Corrigan in New York

MCI Communications yesterday agreed to a price cut of more than 15 per cent to save its Concert merger with British Telecom. The revised terms value the second-largest US long-distance operator at \$23.7bn.

The two companies said MCI's expansion into US local telephone markets - the catalyst for a profits warning last month which threw the merger into doubt - would be Concert's highest short-term priority, but would also be more focused.

The new terms prompted another jump in BT's share price. It closed 23 1/2% higher at 439p, for a total gain of 18.5 per cent in the two days since a review of merger terms was announced.

MCI shares were unchanged at \$30 1/2 at midday in New York, compared with the new offer's value of \$33. It emerged that BT had put its demand for renegotia-

tion to MCI more than two weeks ago, before the US company filed a report with the Securities and Exchange Commission that made no mention of any possible change in financial terms.

An adviser involved in the transaction - the largest foreign takeover in the US - said MCI had acceded to lower terms in part because of the prospect of a "nuclear winter of litigation" if BT had tried to abandon the deal. BT and MCI refused to say when the demand had been made.

Sir Peter Bonfield, BT's chief executive, said: "The merits of the merger remain as compelling now as when we announced it in November."

The new terms reflected the rapidly changing US telecoms market and were in the best interest of both companies' shareholders, he added.

But one MCI shareholder in the US said: "I hate this deal. I'm disappointed, worn out, drained and angry." He said the situation was "ripe for litigation", particu-



BT finance director Robert Brace (left), MCI's Tim Price, BT chairman Sir Iain Vallance and chief executive Sir Peter Bonfield

larly by investors who bought after MCI's SEC filing on August 14.

Part of the strong rise in BT's share price was believed to reflect demand from arbitrageurs to cover "short" positions taken out in the belief the terms would not change.

Tim Price, MCI's president and chief operating officer, said that local expansion would concentrate initially on markets where

regulation "provided for true competition". This is expected to include the north-eastern US, a region covered by the proposed Nynex-Bell Atlantic merger, and select urban markets such as Chicago.

An adviser involved in the deal said the more focused approach could reduce next year's local losses by 10 per cent from the figure of more than \$800m suggested in the profits warning.

Mr Price said no jobs would be lost at MCI because of the merger. Management changes were also ruled out.

Concert will have 10 per cent fewer shares but more debt in the new package. BT said this would increase earnings after "modest" initial dilution.

MCI and BT shareholders must vote again on the merger, which is expected to be completed by

the end of the year. BT is now offering 3.75 Concert shares plus \$7.75 in cash for each MCI share. MCI shareholders are also ineligible to receive two BT dividends for the current financial year.

London stocks, Page 17
World stocks, Page 21
'Insulted' US investors fire off barrage of complaints, Page 22
Lex, Page 24

Teamsters' president sees the wheels come off

By Mark Szupman in Washington

Rarely can triumph have been followed so swiftly by disaster.

Just five days ago, Ron Carey, head of the 1.4m-strong Teamsters union, was being feted as the new darling of the moribund US labour movement after the success of a two-week strike at United Parcel Service, the country's largest parcel carrier.

Yesterday, the victory celebrations were abruptly halted when the US government nullified his re-election as president last December owing to campaign funding improprieties.

While not entirely unexpected, the decision by Barbara Zack Quindlen, a federally appointed election overseer, was cruelly timed for both Mr Carey and the union he leads.

Since first winning election in 1991, the former UPS driver has sought to remake an organisation that was a byword for corruption and links with organised crime into a respectable force that does what unions are supposed to: look after the interests of its members.

Union officials had hoped that the UPS strike, which garnered widespread public support,

would complete the rehabilitation from its inglorious past.

No fewer than three of Mr Carey's predecessors have been imprisoned and a fourth died under indictment.

Jimmy Hoffa, the organisation's most infamous figure, ran it like a personal fiefdom through the 1960s, eventually disappearing mysteriously in 1975, reputedly at the hands of the mob.

Jackie Presser, a less illustrious leader, once spent more than \$500,000 on a party where he dressed as a Roman emperor and was carried to the festivities on a

litter. Mr Carey, as a self-styled Mr Clean, and the first Teamsters president to be directly elected by union members, has wasted little time in uprooting the old guard.

He has shut 72 locals on corruption charges, done away with the limousines, private jets and regular meetings in Hawaii that were once standard for Teamster officials, and even cut his own salary.

But despite - or because of - his crusade, last year's re-election campaign proved a bruising, bitter affair. Mr Carey squared off against James Hoffa, son of

the late Teamster leader and the choice of many traditional union bosses resentful of the new order's high-handedness and nervous about their fast vanishing privileges.

Mr Carey won with just 52 per cent of the vote, a narrow victory which was partly attributed to a huge last minute direct mailing of campaign literature to members.

In making her decision, Ms Quindlen accepted charges made by Mr Hoffa that the drive had been paid for through a complex network of schemes that illegally used union funds.

"No corruption, no exceptions, no excuses," is one of Mr Carey's favourite phrases.

There has been no suggestion he personally authorised, or even knew of, the play by his campaign managers but it seems that in refighting the election he will be forced to take the consequences of it - and hope that his victory over UPS will prove the more lasting image in the minds of union members.

One thing is certain however: with balloting expected to take at least four months, the union's fight for rehabilitation will take much longer to resolve.

News General

China fuels Taiwan row

A row between China and Japan intensified after Chinese premier Li Peng condemned remarks by a Tokyo official that a review of the US-Japan security pact would cover possible conflicts in the Taiwan Strait. The dispute threatens to overshadow a visit to China by Japanese prime minister Ryutaro Hashimoto. Beijing claims that Taiwan is part of China and threatens to use military force if a foreign power were to intervene in the issue. Page 3

Unicef to cut staff by 15% The United Nations Children's Fund is cutting staff worldwide by about 15 per cent, eliminating almost 1,000 jobs, mostly in developing countries. The agency has an annual budget of about \$1bn, not much less than that of the UN, but contributed voluntarily. Unicef helps governments provide health and other services for women and children, mainly through individual national committees. The UN staff union said the cuts were falling unfairly on women and older staff. Page 4

Dreams really may come true Dreams Come True hopes to become the first Japanese band to succeed in the global music market after signing a \$10m deal with Virgin Records in North America, part of UK music group EMI. The band has been lured away from Sony Music's Japanese record label after selling more than 20m albums in Japan since 1989. Page 2

Cosmonauts repair Mir Tests over the weekend will determine whether Russian cosmonauts succeeded in restoring power to the Mir space station, which was crippled after a crash with a cargo module. Flight Commander Anatoly Soloviyov and engineer Pavel Vinogradov spent almost five hours reconnecting cables. Page 2

Man in the News

Mohammed Khatami

Iran's new president could be forgiven for basking in the glow of his own achievements. In only three months, this courteous and gently-spoken cleric may have begun a process of fundamental change both inside Iran and in its relations with the west. But the challenges still facing Mr Khatami are daunting.

Page 7

News Business

Bally troubleshooter quits

Ernst Thomke, 58, Switzerland's best-known industrial troubleshooter, resigned as chief executive of Bally after his plans for a partial flotation of the luxury shoe company were rejected by the majority shareholder. Bally has taken longer than expected to respond to Mr Thomke's strategy, which has involved cutting costs, shifting production to low-cost countries, and more than halving its shoe range. Page 24

DuPont buys protein supplier US chemicals group DuPont is to buy Protein Technologies International, a leading supplier of soy protein, for \$1.5bn in stock. DuPont is buying the group from Ralston Purina, US maker of Eveready batteries and pet food. Page 24

Montserrat homeowners to lose insurance cover Many homeowners in Montserrat are to lose insurance cover because insurers fear an eruption of the island's volcano could lead to millions of pounds in claims. Their withdrawal is likely to fuel an acrimonious row in the UK over compensation for Montserrat's remaining 5,000 inhabitants, many of whom may be forced by the risk of another eruption to flee the island. Page 5; Empire without profit or prestige, Page 7

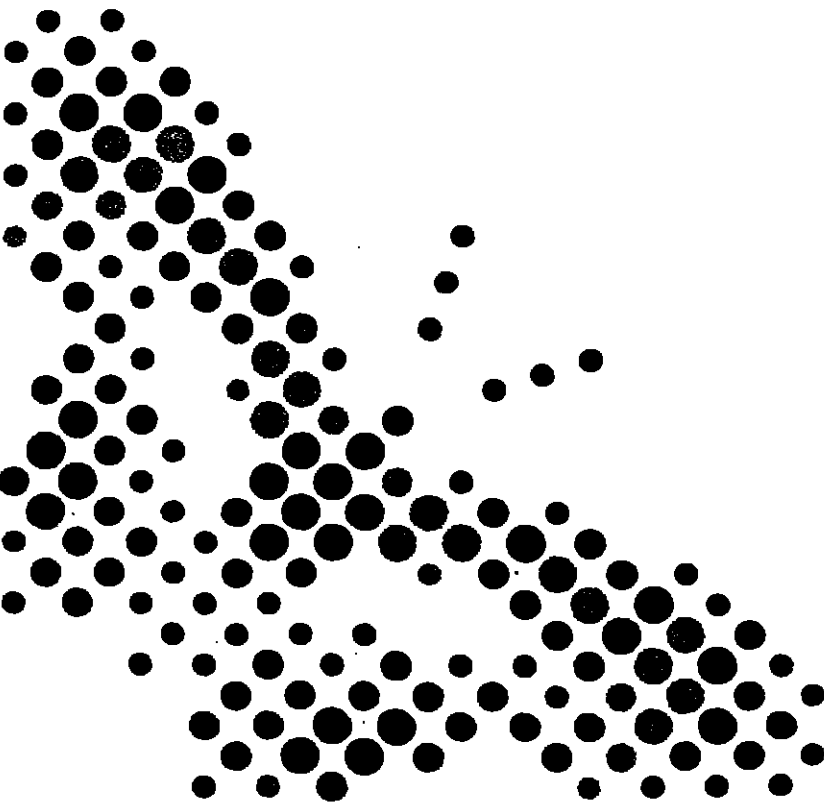
US stocks fall sharply US stocks were sent sharply lower on Friday, with the mid-afternoon Dow Jones Industrial Average down 131.93 points, or 1.67 per cent, at 7,762.02. Much of the downward drift came from renewed fears of a possible rise in German interest rates next week. The market's current downward spiral threatened to cancel out the huge gains made earlier this week. In three days the Dow gained 328 points before news of a lower than expected US trade deficit triggered a sell-off in bonds and stocks on Thursday. Page 24; London stocks, Page 17; World stocks, Page 21; Markets, Weekend Page XVIII

Thai currency sinks to historic lows The Thai baht fell to historic lows and pulled other currencies in the region down with it as concern grew over an announcement that Thailand's central bank is significantly exposed in the forward currency market. The concerns added to fears that a \$16.7bn rescue package for Thailand led by the International Monetary Fund may prove insufficient to avert further currency instability. Page 4; Currencies, Weekend Page 9

Contents

News	International News	2-4	Companies	Companies & Finance	22-23	LSE dealings	21
UK News	UK News	5	Markets	Markets	10-16	Managed funds	10-16
World	World	24	FTSE 100	FTSE 100	17	Money markets	9
FTSE 100	FTSE 100	17	FTSE 100	FTSE 100	17	Oil trading data	11
FTSE 100	FTSE 100	17	FTSE 100	FTSE 100	17	Share information	16, 17
FTSE 100	FTSE 100	17	FTSE 100	FTSE 100	17	World commodities	8
FTSE 100	FTSE 100	17	FTSE 100	FTSE 100	17	Wall Street	20, 21
FTSE 100	FTSE 100	17	FTSE 100	FTSE 100	17	Bourses	20, 21
FTSE 100	FTSE 100	17	FTSE 100	FTSE 100	17	Weekend FT	Section 1

Atlanta 150.00	Australia 150.00	Bahrain 150.00	Brazil 150.00	Canada 150.00	China 150.00	Czech Rep 150.00	Denmark 150.00	France 150.00	Germany 150.00	Hong Kong 150.00	India 150.00	Israel 150.00	Italy 150.00	Japan 150.00	Korea 150.00	Malaysia 150.00	Netherlands 150.00	Norway 150.00	Poland 150.00	Portugal 150.00	Spain 150.00	Sweden 150.00	Switzerland 150.00	Taiwan 150.00	Thailand 150.00	Turkey 150.00	USA 150.00	UK 150.00	Yugoslavia 150.00
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NEWS: INTERNATIONAL

Space station's recent troubles jolt Kremlin into pledging more aerospace resources

Mir inspires Yeltsin's flight of fancy

By Christia Freeland in Moscow

Promising everything from more state funding to the love of Russia's prettiest girls, Boris Yeltsin, Russian president, yesterday broadcast a message of support for his country's ailing space programme, just hours before two cosmonauts embarked on a perilous spacewalk.

The cosmonauts later carried out risky repairs on the

troubled Mir space station, raising hopes of smoother sailing ahead for Russia's jinxed space programme.

Mir's recent woes appear to have jolted the Kremlin into devoting more resources to the aerospace industry. "The 1998 budget will increase allocations for aerospace and aviation, fundamental sciences and high technologies," Mr Yeltsin said in one of his radio addresses. "Russia must not yield its leading position."

Russia's space programme has fallen on hard times in recent years, as the country has thrown all its resources into the painful transition to a market economy.

"Of late, we have become somewhat indifferent to outer space," said Mr Yeltsin. "Either we have become weary of fanfare, solemn speeches and applause, or we have decided that earthly problems are more important."

The president urged the

country's youths to refocus their ambitions on the glamorous exploration of earth's last frontier, warning that Russian know-how risked being lost as Soviet-trained specialists retired.

As an incentive, he promised that Russian pilots would have more fun. Today it is Russia's entrepreneurs who partner Moscow's most beautiful women. But Mr Yeltsin promised that the day would come when Russian women "will dream of

marrying an airman or a cosmonaut."

Tests over the weekend will determine whether the cosmonauts' efforts have succeeded in restoring power to Mir, which was crippled after a June 25 crash with a cargo module.

Wearing bulky spacesuits, Anatoly Solovyov, the flight commander, and Pavel Vinogradov, flight engineer, spent almost five hours reconnecting cables in the abandoned Spektr mod-

ule of the Russian space station.

The space station's problems - which have included a fire, the accidental unplugging of a vital computer cable, and the crash with a cargo module - have also dismayed the US.

Once Moscow's fierce rival in outer space, Washington has been eager to co-operate with post-communist Russia's space efforts. But Mir's recent setbacks have threatened to derail this effort.

Music groups dream of capturing global market

Dreams Come True has often topped the Japanese album charts, but after signing a \$10m deal with Virgin Records in North America last week the Japanese band is now setting its sights on the international charts.

Virgin, part of EMI, the UK music group, has lured Dreams Come True away from Sony Music's Japanese record label in the hope that the band will become the first Japanese act to succeed in the global music market.

Previous attempts to introduce Japanese music outside Asia have failed.

Dreams Come True mustered only modest sales for *Beauty and Harmony*, its first English-language album, in 1994. Yet several Latin American and southern European artists have recently achieved international success, and record companies hope that acts from other countries will follow.

Traditionally, the global music market has been dominated by North American and British stars signed to multinational record companies based in New York, Los Angeles or London, which have distributed their English-language recordings worldwide through local subsidiaries.

In recent years, however, a new wave of regional stars

has emerged in the fast expanding music markets of Asia, southern Europe and Latin America.

These markets have shown stronger growth than mature ones such as North America or northern Europe. Some 71 per cent of record sales were in Europe or North America in 1991, against 67 per cent last year, according to the International Federation of the Phonographic Industry (IFPI), which represents the world's record labels.

Over the same period the introduction of inexpensive, but fairly sophisticated, recording technology has enabled local Asian and Latin American acts to match the audio standards of US and UK artists.

"These days the quality of recordings by regional artists is as good as the British and Americans, and that wasn't the case 10 years ago," said Rudi Gassner, chairman of the international arm of BMG, the music division of German media group Bertelsmann.

Another catalyst for the rise of the regional stars has been the launch of hundreds of new television channels and radio stations in Europe, Asia and Latin America.

Musical tastes have become increasingly fragmented, and the latest US and UK stars have found it

World music: chart-topping success

Global music market
1991 total: \$27.15bn
Latin America 4%

Others 2%

Europe 42%

Asia 20%

North America 32%

Others 4%

Europe 34%

Asia 23%

North America 33%

Others 4%

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Aegean oil field expansion in limbo

By Kerin Hope in Athens

The only oil platform in the Aegean Sea stands amidst traditional fishing boats off the Greek island of Thassos. Owned by North Aegean Petroleum Company (NAPC), the platform represents at \$700m the largest single chunk of foreign investment in Greece to date, which has gone to developing offshore oil and gas production in the northern Aegean.

But prospects for expansion are limited because of a long-running Greek-Turkish dispute over oil rights in the Aegean continental shelf. The dispute brought the two countries to the brink of war in 1987.

At that time NAPC was planning to use revenues from the Prinos field to explore for oil in international waters east of Thassos. But Greece made a significant political concession to Turkey by agreeing to freeze oil exploration outside its six-mile territorial waters.

The promising structures identified in earlier surveys of the seabed between Thassos and the Greek island of Samothrace remain unexplored.

Last month's US-brokered agreement between Costas Simitis, Greek prime minister, and Suleyman Demirel, the Turkish president, to avoid violence in bilateral disputes has opened the way for talks on improving relations. But Greece insists the continental shelf dispute must be referred to the International Court of Justice in The Hague.

NAPC, an international consortium controlled by Denison Mines of Canada, plans a \$25m exploration programme focusing on areas close to the existing platform west of Thassos. Production from the Prinos field is shrinking and a new field is needed in the next two years to keep the consortium's operation going.

"Naturally we'd like to drill east of Thassos, but we face a situation of *force majeure*," says Ian Ashley, chief operating officer at NAPC, pointing to half a dozen potential oil reservoirs on a survey map of the area.

The Prinos field has produced about 100m barrels of oil but its lifespan is being extended by the use of new technology such as gas lifting. Production is now about 8,000 barrels a day, compared with 25,000 b/d a decade ago.

Last year the consortium resorted to horizontal drilling to open up a new well, called Prinos North. It also teamed up with DEP, Greece's state-controlled oil refining group. Prinos North, a smaller field operated from the existing platform, produces 3,000 b/d of oil with a high sulphur content.

"We started producing when oil prices were above \$30 a barrel, more than twice what Prinos crude sells for today," says Mr Ashley. "It's taken ingenuity to keep the operation going."

DEP buys half the output from Prinos and is expected to take a 35 per cent stake in any new oil find off Thassos, contributing an equivalent share of development costs. But the government has decided to steer clear of further oil exploration in the Aegean, offering instead concessions in western Greece and the Ionian Sea.

Enterprise Oil of the UK agreed last month to invest at least \$37m in exploring two offshore blocks in western Greece. Triton of the US has been awarded one offshore block, south of Albania's oil-producing region, and another offshore in the Ionian.

INTERNATIONAL NEWS DIGEST

US burgers lose their beef

Millions of fast-food addicts in the US will be deprived of their hamburgers this weekend after the Department of Agriculture ordered a meat packer in Nebraska to recall 25m pounds of beef which may have been contaminated by bacteria.

Hudson Foods, based in Columbus, Nebraska, agreed to recall the beef and close down a packing plant after agriculture officials traced the illness of more than a dozen people in Colorado to hamburger patties they ate in early June.

Although the contamination is believed to have originated at a slaughterhouse outside Hudson Foods, the Department of Agriculture said it had detected meat handling problems at the Nebraska plant. It said the plant would remain closed pending the adoption of "far more stringent safety standards".

The impact of the massive recall - the largest ordered by US agriculture inspectors - was felt immediately. Burger King said 1,650 of its 6,000 restaurants had been affected, and was arranging for rush deliveries of hamburger patties from other suppliers. Boston Market restaurants struck off the traditional meatloaf from their menus. Safeway supermarkets and Wal-Mart were also affected.

Leslie Crawford, Washington

■ 'MAD COW' SCARE

Germans step up search

German authorities yesterday stepped up their search for meat products suspected of containing contaminated British beef, exported despite a ban imposed a year ago when the scare over BSE, or "mad cow" disease, began.

Authorities said several tonnes of sausages and corned beef products, made from part of about 60 tonnes of meat illegally imported from Britain, had already been consumed. Officials urged consumers to remain calm as investigators tried to determine the origins of the beef.

"I think you can assume that there is no state of this meat around," said Klaus Ruerkel, a state official in Hesse in charge of food quality control.

Health authorities in Frankfurt said they believed thousands of sausages containing British beef had been consumed in Frankfurt restaurants in June and July. Authorities said it was still unclear whether the meat, some of which was still transported to eastern Europe, actually came from Britain.

The nationwide search was launched after customs officials last week impounded 60 tonnes of beef carrying a British export stamp, required in accordance with a European Union ban on British beef. *Reuters, Frankfurt*

■ ISRAELI SETTLEMENTS

Minister hints at concessions

A senior Israeli minister yesterday hinted for the first time that the expansion of Jewish settlements in the West Bank could be reviewed if the Palestinians cracked down on terrorism.

California goes gunning for the armed criminal

Christopher Parkes reports on the populist '10-20-Life' measure to slap heavy penalties on illegal use of guns

California's latest anti-crime initiative, 10-20-Life - like the state's fearsome "three-strikes" law, which mandates life in jail for three-time felony offenders - has a catchy, populist ring about it. But the similarity does not end there. It is the brainchild of Michael Reynolds, a Fresno citizen who fostered the three-strikes proposal which was adopted into law by popular acclaim in a 1994 referendum. And like its predecessor, it is stoutly supported by Governor Pete Wilson and his would-be successor in next year's elections, Darrin Lundgren, state attorney-general. Mr Reynolds has said he will sponsor 10-20-Life's inclusion in the next available ballot if Sacramento's politicians fail him. Based on his suggestion that sentences should be lengthened according to the extent to which the original offence is compounded by carrying a gun (10 years extra, firing it 20 years or injuring a victim life), a bill is now winding its way through the state legislature.

For Republican Mr Wilson, who is currently confronted by an uncomfortable choice of anti-gun laws in varying stages of the Sacramento process, it appears to present a way of maintaining his tough anti-crime posture without offending the mighty gun lobby. Accordingly, he and Mr Lundgren used their clout in a state senate committee last month to help it on its way. Any attempt to dilute the bill would be an insult to every Californian who has been the victim of a gun crime, Mr Lundgren told the committee. Warning against amendments to remove its teeth, no one should try to do "a Tyson" on it, he added. For the state, Mr Reynolds' bill represents the touchstone for a renewed debate over the vexing conundrum: Are there too many guns or too many criminals circulating freely in California? The anti-gun lobby appears to have had the best of the argument in the recent past. The state assembly in June approved a ban on semi-automatic assault weapons, substantially extending the

range of hardware restricted by state and federal legislation. Days before, two separate bills effectively preventing the sale of Saturday night specials - typically small, cheap hand guns which opponents claim are used in 70 per cent of all crimes committed using firearms - emerged from the state senate and assembly. Since then speculation has swayed to and fro over whether Mr Wilson will sign any of the bills into law when they reach his desk, and the debate has gathered momentum. Last month, a Los Angeles-based lobby group joined in with an analysis of government data which, it claimed, showed four people died every day in Los Angeles County alone from crimes, accidents or suicides involving guns. More than two-thirds of the murders in LA itself were committed with guns. President Bill Clinton recently announced the extension of his initiative to use federal computer systems to trace guns seized from juveniles to nine cities - includ-

ing Los Angeles - where 30,000 illegal guns were seized last year. The gun lobby stands fast on its claim that criminals are the problem, and not the guns which are owned by about 60 per cent of US households. Mr Tom Bordonaro, sponsor in the assembly of Mr Reynolds' initiative, whose sister was shot dead, said recently: "I never blamed the gun. I blamed the guy who made the decision." However, the anti-gun activists appear to be showing renewed ingenuity in their efforts at least to limit the availability of heavy armaments such as assault weapons, and stem the flow of "junk" hand guns on to the market. Massachusetts, for example, in June effectively banned the retail sale of Saturday night specials by imposing consumer safety regulations. By requiring all guns to have anti-tampering devices, and establishing strict technical standards such as a minimum melting point, hand guns "will for the first time anywhere face the same common-

sense safety standards as baby rattles, bicycles and teddy bears," proclaimed Scott Harshbarger, state attorney-general. The main manufacturers of the guns - six private Californian companies supply 80 per cent of the specials sold in the US - lack the technical expertise to match the standards. Junk guns, typically costing up to \$150, and selling second-hand on the streets for \$40, are often made of zinc alloys, jam frequently and are prone to go off if dropped. California's newest batch of proposed control laws also aim to exploit similar weaknesses in the manufacturers' technical defences to limit the availability of cheap deadly weapons rather than present a frontal attack on the entrenched right of Americans to go armed. As Ann Reiss Lane, a former LA police commissioner, said recently: "We are not opposed to people using guns properly." Members of her Women Against Gun Violence group were merely trying to establish that "we have a public health crisis... too many

damn kids dying because of guns," she said. Her appeal strikes a chord in California, where recent months have seen a rash of young gang members' deaths, and several instances of innocent children caught in the street cross-fire. But it appears to have less resonance in the governor's Sacramento office. There, the official line is that Mr Wilson is concerned that the legislation might mean that women and the poor - who have as much right to protect themselves as the rest of society - might be unable to afford a gun. Nor is the pro-business governor enchanted by the declared intent of traditional anti-gun campaigners to drive the state's junk gun makers out of business. As he made plain to the senate committee, he is much more in tune with the voters who ushered three-strikes into law with the intent - prison overcrowding and escalating incarceration costs notwithstanding - of putting the criminals behind bars and out of business for as long as possible.

Mexico takes over toll roads

By Daniel Dombey in Mexico City

The Mexican government is to buy back little-used toll roads less than a decade after they were passed to the private sector. The administration hopes the \$7.5bn move will boost road building, which has all but ground to a halt. The step, which affects 25 of Mexico's 52 private road concessions, involves assuming 60bn pesos of debt, and ownership of the roads. The government expects to earn 41bn pesos from operating the roads and hopes to return them to the private sector later. Of the 60bn pesos of debt assumed by the government, 40bn pesos was due to commercial banks. Twenty billion is owed to parent construction companies and will be restructured into 15-year government bonds at inter-bank rates. The 25 concessionaires will have to write off 26bn pesos they had invested in the roads. Investment had totalled 100bn pesos over the past decade. The government plans to reduce tolls in order to stimulate traffic on the little-used roads. Where rights are held by international bond holders, the government said negotiations on cutting tolls would begin soon. "This may not be a great decision for the Mexican taxpayer, but it helps the construction industry and it certainly helps the construction companies," said Gordon Lee, an analyst at Deutsche Morgan Grenfell in Mexico City. "Without this kind of plan, the government would not get the roads or bridges or tunnels it wants." Encouraging private toll roads was intended as a way of expanding Mexico's infrastructure while saving government resources for less commercially attractive activities. Former President Carlos Salinas, who left office in 1994, liked to boast that the 6,000km of overwhelmingly privately financed highways built under his administration doubled the road network. But initially, many of the road concessions were too brief and traffic projections were over-optimistic, denying construction companies a return on their investment. Some concessions were for as little as eight years, and the biggest single project, the \$1bn highway to Acapulco, was to a tourist destination with little commercial significance. The peso devaluation of 1994-1995 greatly worsened the situation.

Chinese PM hits back in Taiwan row

By James Kyng in Kuala Lumpur

A diplomatic row between China and Japan intensified yesterday after Li Peng, China's premier, sharply condemned remarks by a Tokyo official that a review of the US-Japan security pact would cover possible conflicts in the Taiwan Strait. Mr Li described the remarks by Seiroke Kajiyama, Japan's chief cabinet secretary, as "highly unacceptable" and warned that China remained "vigilant" about the attempts by a small number of military elements "in Japan's government" to threaten to overshadow a visit to China by Ryutaro Hashimoto, the Japanese prime minister, next month. "We hope the Japanese government will provide us with an explicit and clear-cut clarification of their position," said Shen Guofang, a spokesman for Mr Li, who arrived in Kuala Lumpur at the start of a south-east Asian trip. "The remark... constitutes an interference in the internal affairs of China and has caused serious damage to relations," he added. The dispute revolves around two of the most sensitive subjects in China: the status of Taiwan, which China regards as a renegade province, and Japan's military ambitions. Beijing claims that Taiwan is part of China and therefore one to use military force if a foreign power intervenes to separate it from the motherland. But the review of US-Japan defence co-operation,

due for completion next month, is expected to pave the way for Japan to provide a broad range of logistical and non-combatant support to US forces in regional emergencies. Mr Kajiyama said this agreement would naturally cover the Taiwan Strait and added that Japan should support the US in the case of an emergency over Taiwan. China is critical of signs out of Japan that the country may be dropping its pacifist stance and loses few opportunities to recall Japanese army atrocities in China during the second world war. Tokyo, however, so far has shown no sign of retreating from Mr Kajiyama's statement and officials have offered what appear to be endorsements. While criticising Japan, Mr Li sought in Kuala Lumpur to allay lingering suspicions of China's territorial and military ambitions in south-east Asia. He noted that China "does not have an aircraft carrier yet". The main theme of his trip to Malaysia and Singapore is to build closer relations with the newly enlarged nine-nation Association of South East Asian Nations (Asean). This would help to create a new "political and economic order" in the region in which powerful nations would not be able to bully weaker ones, Mr Li said. Mr Abdullah Badawi, Malaysia's foreign minister, explained this new order as one which would provide a balance to the US, which he said was taking unilateral decisions that were not in the interests of the world community.



Japanese tourists in London: 'shaking off the lemming syndrome'

Japanese tourists desert usual haunts

Australia and Hong Kong hit as cost-conscious holiday makers abandon package tours

A new mood is appearing among the 17m or so Japanese who travel overseas each year - the world's most lucrative source of tourists. The changes are hitting tourist economies of well loved destinations such as Australia and Hong Kong, and eroding the hackneyed image of obedient tour groups, loaded with cameras, fat wallets and polite smiles, trotting behind guides waving flags. Japanese are shaking off the "lemming syndrome" of travelling in hordes, as rapid deregulation has driven the country's cut-throat travel industry to offer cheap, exotic or simply bizarre packages. The past timidity which encouraged many Japanese tourists to travel on big package tours has given way to a bolder approach and voracious demand for value, as more and more individuals discover the joys of planning and booking their own holidays. The result, in Hong Kong for one, is a tad more elbow room in the shopping arcades of the Golden Mile, the city's consumer paradise on the Kowloon peninsula.

Tourist numbers have fallen sharply over recent months - and most conspicuous by their absence are the Japanese. In June, the number of Japanese visitors to Hong Kong was down 48 per cent against 1996. Some in the Hong Kong tourist industry doubt that the Japanese have disappeared for good. "We have been over-exposed," says Thomas Axmacher, general manager of the Regent Hotel in Hong Kong. "After the peak there is a valley. But I am sure they will return," he says, adding that "Singapore, and Thailand have had their problems. Hawaii, another preferred destination, is also down in numbers." One reason for the drop in Hong Kong may be the pre-handover rush, there is also another factor: price. The recent devaluation of other south-east Asian currencies has now left Hong Kong more expensive than many other Asian destinations. And though this might not have deterred the Japanese in the high-spending 1980s, today's tourists are

more cost conscious. This is unlikely to prevent the number of Japanese tourists from rising: the Japan Travel Bureau forecasts that a record 3.16m of tourists will go abroad in July and August alone, up 1.9 per cent from last year. But their spending is only forecast to rise 1 per cent. Hong Kong is not the only area affected. In Singapore, a host of Japanese shopping favourites such as Cartier, Hugo Boss, Gucci, Fendi and Coach have reported falls in tourist spending this summer. In the UK, Regent Street shops have also reported a new penny-pinching mood among the Japanese, partly because of sterling's strength. Australia has been alarmed by a recent decline in its Japanese tourist market share, that its tourist board has started a \$10m initiative to tempt the Japanese back. But tourism in other cheaper, destinations in Asia, by contrast, has been surging: tourists to China rose almost a fifth to 1.54m last year. There are other hints of change. Whereas the Japa-

nese used to all take their holidays on the same week - typically in the middle of August - they are increasingly spreading them through the year. The profile is also changing: whereas Japanese travellers used to be mostly young women, businessmen or honeymoon couples, more families and middle aged couples are now travelling. A few younger travellers are even embracing a western concept - backpacking. Ikuro Sumi, an architect in a major construction company for example, has used his holidays recently to travel independently around countries like Cambodia, Vietnam and Jamaica. "In a package tour you have no freedom - you just speak Japanese like in Japan," he says. But one of the most striking challenges to the Japanese stereotype has been an unexpected one - a sudden surge in airline drunkenness. Japan Air has seen the number of serious disorders surge almost threefold in the last year. JAL blames the trend on

cheaper air travel, and points out that incidents are still rarer than in other parts of the world. But another theory is that middle-aged Japanese male travellers are letting off steam from the mounting job pressure in Japan. And others in the industry blame it on the fact that more Japanese are travelling away from package tours - and peer pressure.

Gillian Tett and John Ridding

Indonesian gold mine tension claims two lives

By Kenneth Gooding, Mining Correspondent

Two Indonesian tribesmen were shot dead and three soldiers wounded in a clash near the controversial Grasberg copper-gold mine, owned by Freeport-McMoRan, the US natural resources group. The violence flared amid growing tribal tension over the disbursement of a \$1bn fund set up by Freeport to assist local communities angered by the environmental impact of the mine. A Freeport official last night denied that there was any connection between the violence and discontent about the way the money was being distributed. Earlier this week leaders of three Christian churches in Irian Jaya rejected financial aid from the Freeport fund - 1 per cent of Freeport Indonesia's annual revenue has been promised - saying it could provoke social tension because the first three people ignored the Amungme and Kamoro tribes that had most right to the money. "Tensions boiled over in the town of Timika after the

bodies of two youths were found on a highway. Angry tribesmen demanding to know how they died clashed with an army patrol. Garland Robinette, vice president, communications for Freeport-McMoRan, which is 12 per cent owned by Rio Tinto, the Anglo-Australian mining group, said there had been no attack on the mine. He said there were seven tribes living near the mine that had previously had been separated by many miles. This was leading to tension among them. There had been some unhappiness about the way the fund money was being distributed among the various tribes "but that does not seem to have been the igniter on this occasion." Freeport set up the fund, under which it gives 1 per cent of the company's annual earnings to the trust fund, after ethnic violence around Timika led to the deaths of 12 people last year. Freeport operates a 26,400 square kilometre site in Timika, which has the world's largest proven reserves of gold.

Hashimoto loses first round in battle with the bureaucracy

By Gwen Robinson in Tokyo

Japan's powerful bureaucratic elite has forced Ryutaro Hashimoto, the prime minister, to compromise in his attempts to streamline his government and exert more control over influential ministries. Mr Hashimoto heads the administrative reform council, a panel of senior business and academic advisers, which this week finalised a blueprint for cutting the number of ministries and agencies from 22 to 12. The blueprint includes a plan to abolish the Ministry of International Trade and Industry (MITI) and do away with numerous other ministries and agencies, including those for labour, construction and agriculture. But the council's decision to water down earlier plans - including proposals to cut back the finance ministry's powers and privatise Japan's vast postal savings, insurance and mail services - met fierce criticism yesterday

from leading political commentators and the media. So, too, did the proposals to merge and redistribute responsibilities between the new look ministries. Political commentators warned that, far from fulfilling Mr Hashimoto's pledge to simplify government, save costs and promote transparency and efficiency, the blueprint would result in mega-ministries with even more bloated bureaucracies and greater concentration of authority. MITI, for example, will form the nucleus of a vast new industry ministry. The new body will not only retain all MITI's responsibilities, including international trade policy, but will also gain control over the information and telecommunications sectors, now under the posts and telecommunications ministry. The finance ministry, meanwhile, will continue to direct both fiscal and financial policy, contrary to earlier calls by council members to split the two areas

and create an independent bureau to deal with fiscal policy. Senior members of Mr Hashimoto's reform council have pointed to the plan's shortcomings. Kabuo Muto, chief of the management and coordination agency and acting head of the council, admitted the blueprint "falls far short of what could be considered as fundamental reform". The council's blueprint has also soiled the future of the state-owned postal savings and insurance systems, whose combined assets of more than ¥3,200bn (\$27bn) represent the biggest pool of public savings in the world. Commercial banks and financial institutions have been pressing the government to privatise the systems to boost Mr Hashimoto's "big bang" financial reforms. But the council has recommended that postal insurance be privatised by 2001 while postal savings - Japan's largest institutional

investor - be moved to a new government agency with a view to privatisation at an unspecified date. In spite of widespread criticism, the council's document is expected to provide the basis for reform bills to be submitted to parliament in the next regular session, convening in January. Mr Hashimoto's vow to push through administrative reform by 2001 is being viewed as a test of his commitment to the reform process, launched late last year with his "big bang" financial deregulation. To achieve his ambitious reforms and other promised liberalisation, he will need a co-operative bureaucracy. The numerous compromises in the council's blueprint are seen as the result of a struggle with powerful bureaucrats. Government insiders say that the only changes Mr Hashimoto is likely to make to the document will be to compromise further.

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NEWS: INTERNATIONAL

Unicef scales back with 1,000 job cuts

By Michael Littlejohns, UN Correspondent in New York

The United Nations Children's Fund is cutting staff worldwide by about 15 per cent, eliminating 1,000 jobs - mostly in developing countries, it was disclosed last night.

The move is an even more rigorous reduction of personnel than that proposed last month by Kofi Annan, the UN secretary general, in his reform plan for the main UN secretariat. Mr Annan also cut 1,000 jobs, but from a larger pool. Unicef employs 6,000 staff in developing countries. The main UN secretariat has had an estimated 10,000 employees, before the planned cuts.

Mr Annan's UN reforms, which will be considered by the UN General Assembly next month, have been criticised by Carol Bellamy, Unicef executive director, as insufficient.

A former New York Democratic politician and head of the Peace Corps, she called for further UN job cuts by the secretary general and urged the US to maintain pressure on him for major change.

Earlier, however, she successfully resisted a proposal in the initial reform plan that would have reduced her agency's independence. The agency has an annual budget of about \$1bn, not much less than that of the UN but contributed voluntarily.

Unicef helps governments provide health and other services for women and children, mainly through individual national committees.

At least 80 of the staff affected work at the New York headquarters. The UN staff union said the cuts fell unfairly on women and older staff.

It also accused Unicef of contravening its own employment rules and proposed to establish a legal defence fund to fight the dismissals.

Kenya paves way for new IMF talks

By Michael Holman and Michela Wrong in Nairobi

The Kenyan government yesterday announced a package of measures designed to meet the economic cost of last month's collapse of its loan agreement with the International Monetary Fund and pave the way for fresh negotiations.

The measures, which include raising taxes, cutting state spending, speeding up the privatisation process and improving revenue collection, were announced as an IMF mission headed for Kenya yesterday in response to President Daniel arap Moi's request to reopen talks.

In the frankest assessment yet of the impact of the July 31 breakdown of relations with the IMF, Musalia Mudavadi, the finance minister, said that "urgent fiscal measures" were needed "to prevent the emergence of serious macroeconomic problems" and maintain the budget deficit for 1997-98 at 1.7 per cent of gross domestic product.

Kenya faced a shortfall in external funding for the budget of KSh8.3bn (\$120m) and

a further KSh4.4bn (\$64m) shortfall in balance of payments support as a result of the lapsing of the \$220m IMF loan, he said.

The government would raise duties on petrol and diesel, increase the maximum value-added tax rate and implement spending cuts totalling KSh5.5bn (\$80m).

Despite IMF insistence that the top-level mission headed for Nairobi would be conducting "talks about talks" rather than reopening negotiations, news of the mission boosted the shilling to 65.11 against the US dollar from Thursday's closing rate of 69.10.

Mr Mudavadi seemed determined to dispel the concerns that originally prompted the suspension: the failure to crack down on top-level corruption undermining revenue collection and foot-dragging on privatisation of the power sector.

He said the government "was taking steps to accelerate the privatisation of the government-owned public enterprises" and pledged that the government "would strengthen the organisational and operational capac-



Security forces patrol the area around a refugee compound at Mombasa yesterday, after gunmen killed two people in the latest episode of the violence that has unsettled Kenya.

ity of the Kenya Revenue Authority" and enforce "maximum compliance" with payment of import duties and VAT.

The removal of Kenya's top customs man, Samuel Chebi, who IMF officials say had been trying to put a stop to sugar smuggling by well connected businessmen at Mombasa port, was the step that ultimately convinced the fund that Kenya was not serious about eliminating graft.

Many donors remained sceptical yesterday about the minister's assurances, saying that the removal of what were regarded as reform-minded officials at both the Kenya Revenue Authority and the finance ministry following the suspension of IMF talks had damaged the government's credibility.

Donor suspicion was reflected in a blunt speech by Prudence Bushnell, US ambassador to Nairobi.

"Kenya's government says it is serious about economic reforms and combating corruption yet it has chosen to risk economic stability rather than see its promises through to completion," she said.

She said conditions set out by the IMF for assistance were both "reasonable and appropriate" and the US would continue to call for economic reforms and "vigorous measures to address corruption".

Thai currency sinks to new low

By James Kynge in Kuala Lumpur and agencies

The Thai baht fell to historic lows yesterday and dragged other regional currencies down with it as concern grew over Thursday's announcement that Thailand's central bank is significantly exposed in the forward currency market.

Treasury economists said the Thai central bank's announcement that it had \$23.4bn in forward swap contracts which come due over the next 12 months had raised new fears over the depth of the country's financial crisis. The contracts, \$8.6bn of which are onshore and \$14.8bn offshore, could further strain the bank's resources when it comes to

close its positions, which were taken during attempts to defend the baht against heavy speculative attacks in May.

These concerns added to fears that a \$16.7bn rescue package for Thailand led by the International Monetary Fund (IMF) may prove insufficient to avert further currency instability.

The main problem with the package is that much of the money is not available to Thailand immediately. For example, \$4bn pledged by the IMF will be made available over three years.

The baht weakened to Bt34.10 to the US dollar, a record low, in late Asian trade against Bt32.90 in early trade. Dealers said confidence in

the currency sustained a severe blow when the baht broke through the psychologically important Bt33 level.

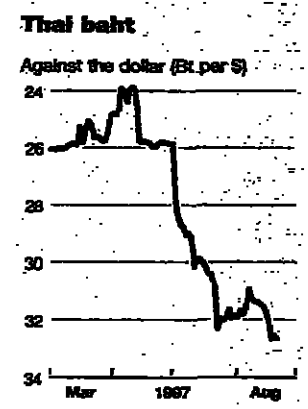
The Indonesian rupiah was also weaker, but up from its lows of the day, partly due to downward revisions of three bank credit ratings by Standard and Poor's. The Jakarta stock market also suffered, with the composite index down 4.75 per cent on the day and 20 per cent since the start of the month.

The Malaysian ringgit suffered from the negative sentiment surrounding the rupiah and the baht, dealers said, weakening to M\$2.7880 against the US dollar against 2.7650-2.7700 late on Thursday.

The Singapore dollar slid back through the 1.50 to the US dollar level and was quoted at 1.5040/50.

Japanese commercial banks have agreed to roll over 80 per cent of their loans to Thailand. Thai officials said. Virabongse Ramangura, Thailand's new deputy prime minister for economic affairs, said the Japanese banks, which hold about half Thailand's \$89bn in foreign debt, "have shown their friendship at a time of economic difficulties".

Rollovers of loans from foreign commercial banks are considered crucial if Thailand is to avoid a balance of payments crisis. Central bank officials say the IMF-sponsored \$16.7bn bailout package for Thailand



will not be enough if foreign banks do not roll over a considerable portion of their loans.

Currencies, Page 9; World Stock Markets, Page 21

Apathy mars Stockholm's Games bid

By Greg Mcivor in Stockholm

When the campaign to host the 2004 Olympic Games began in earnest earlier this year, Stockholm looked an outsider against rival contenders such as Rome and Athens. Recent events have scarcely improved the Swedish capital's chances.

An unexplained spate of arson attacks at sports arenas around the capital in early summer was thought by some to be a protest against the Games, although police established no firm link. There was also an attempt to burn down the home of Ingvar Carlsson, the former Social Democratic prime minister, who is a director of Sweden's Olympic campaign.

Two weeks ago a bomb destroyed part of the track and field stadium in central Stockholm, which staged the 1912 Olympics. A group calling itself "We who built Sweden" claimed responsibility for the attack, saying the cost of the Olympics would divert spending from public services.

Whether these events will influence International Olympic Committee delegates is unclear. But public hostility to the Games remains the city's Achilles heel. Opinion polls indicate that support for the city's candidacy is only around 50 per cent, while the other contenders report solid public support.

The explanation for the lukewarm backing appears to lie in a painful austerity programme, implemented during the early 1990s to combat soaring government indebtedness. Times have since improved, but fiscal restraints remain tough. Many Swedes fear the country is not ready for the financial risk of hosting the world's biggest event.

Public antipathy has been compounded by unease over suggestions the environment will be harmed. Three of the seven political parties represented on Stockholm city council oppose the Games.

Support for the Games, predicted to generate 40,000 jobs and a tourist bonanza,

has increased recently, in the wake of a big marketing drive by the Stockholm 2004 campaign committee.

Finn Persson, a campaign official, quotes an opinion poll suggesting 61 per cent of Stockholmers now want the Games, with 38 per cent against. But he acknowledges public opinion remains a sticking point. "If it came to a showdown between us and another city, and we are judged equal on technical issues, they may say 'Why give it to a country that doesn't want it?'"

If Sweden's enthusiasm for sport in general was the main criterion, Stockholm would already be popping the champagne corks. Some 3.2m people in a country of just 8.6m belong to a sports club - more than a third of the population.

The bid, prepared with typical Scandinavian attention to detail, has won plaudits from foreign observers. The SKr12bn (\$1.5bn) budget is backed by a SKr2.5bn central government subsidy, with television and official International Olympic Committee sponsors estimated to provide SKr6bn. As 90 per cent of the venues are already built, organisers are confident the Games would run at a profit.

Swedish business is backing the bid. The Games, described as "Sweden's biggest export order ever", would generate projected turnover of SKr30bn. A group of 20 companies, mainly big international corporations, have invested SKr50m in the campaign. This has been augmented by SKr60m from Stockholm's city council.

The main Victoria stadium is the only large arena that would need construction. A 70,000-seat venue, it will have its capacity reduced to 30,000 after the Games by lifting off the main section and adding a roof. But there is a catch: it will be built only if Stockholm wins the nomination in Lausanne next month.

This is the fourth in a series on the five cities bidding to host the 2004 Olympic Games. Previous articles have looked at Cape Town, Buenos Aires, and Rome.

THE KENYA POWER COMPANY LIMITED OLKARIA II GEOTHERMAL POWER PLANT

REQUEST FOR EXPRESSION OF INTEREST FOR ENGINEERING SERVICES CREDIT NUMBER 2966-KE

- This Request for Expression of Interest follows the general procurement notice for the Olkaria II Geothermal Power Project (the project) that appeared in the Development Business of January 16, 1997.
- The Government of Kenya has received a credit from the International Development Association (hereinafter referred to as the IDA) to be lent to The Kenya Power Company Limited (hereinafter referred to as the KPC). KPC intends to apply proceeds of this credit to eligible payments under a contract for Engineering Services (the Services) for the Project for which Request for Proposals is to be issued.
- The KPC intends to short list firms for the Services which will include: (i) preparation of a Pre-Bid Meeting for the clarification of tenders to prospective tenderers; (ii) bid evaluation and assistance in negotiations for contract award; (iii) supervision of construction and of manufacturing of electro-mechanical plant and equipment; (iv) co-ordination of various contracts to ensure timely and smooth implementation of the Project; (v) testing and commissioning; and (vi) assistance during plant operation up to the end of the warranty period. The Services are estimated to require 4 years after contract award.
- The Project shall be located at Olkaria near Naivasha, 100 km from Nairobi and 5 km from the existing 45 MW Olkaria I Power Plant. The Station will have two 32 MW steam turbine generators with a total capacity of 64 MW. The output of the Station will feed the grid via a 220 KV line to be constructed to Nairobi. Steam for Olkaria II Station will be produced from 25 already drilled production wells. Five contract packages have been developed to cover: (i) the construction of the power house; (ii) the supply and installation of steam turbines and generators with ancillary equipment; (iii) step up (at the Station) and step down (in Nairobi) transformation substations; (iv) construction of a 220 KV line; and (v) the steam gathering system. Specifications and tender documents for these contracts have been prepared. Outline design for the civil works and design for the steam gathering system are also ready. Electrical and mechanical contracts will be on design, supply and install basis.
- KPC is hereby requesting interested firms domiciled in the member countries of the World Bank Group to provide information indicating that they are qualified to perform the Services. Consultants may associate to enhance their qualifications. Selection of Consultants will be in accordance with the procedures set out in World Bank's Guidelines: Selection and Employment of Consultants by World Bank Borrowers, January 1997. To be short listed, the Consulting Firm or the Consortium of Consulting Firms shall:
 - demonstrate adequate technical knowledge, availability of appropriate skills among staff, experience - specifically in the development, engineering and operation of geothermal power plants with the associated electromechanical plant and equipment - to carry out the Services required for the Project;
 - indicate relevant experience abroad, including developing countries, in the supervision, detail design, management and operation of similar projects;
 - provide specific experience in the development of geothermal steam fields; and
 - provide a brief outline on the approach for the management of the Services for the proposed Project.
- Interested firms seeking clarifications on the Services should write to the Corporate Planning Manager, The Kenya Power Company Limited, Stima Plaza, P.O. Box 47936, Nairobi, Kenya (Telephone 254-2 741181/9 Ext. 4601, FAX 254-2 337351). The complete request information should be sent to:

The Company Secretary
The Kenya Power Company Limited
Stima Plaza, Kolobot Road
P.O. BOX 47936
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Decision by Caribbean-based companies fearing big eruption is called 'scandalous'

Insurers ditch Montserrat home cover

By Christopher Adams in London and Canute James in Kingston

Hundreds of homeowners in Montserrat are to lose insurance cover next week because insurers fear a major eruption of the island's volcano could lead to millions of pounds in claims.

Two Caribbean-based firms, Nemwil and United Insurance, have sent letters to homeowners within the past few days warning that insurance cover will be withdrawn on August 28. Royal & Sun Alliance, the large UK-based insurer group, is considering doing the same. Between them, the three account for nearly all the insured property on the island.

Their withdrawal is likely to fuel an acrimonious row in the UK over compensation for Montserrat's remaining 5,000 inhabitants, many of whom may be forced by the risk of another eruption to flee the island.

Premium rates for most homeowners are much higher than they are in Britain and large excesses are tied into policies. Residents typically pay up to 2 per cent of a

property's insured value in premiums and must agree to meet the damage bill themselves if the cost does not exceed 10 per cent of a house's value.

"It's scandalous. They've been taking people's premiums for years and years. Now when there's the possibility of a claim, they take advantage of the small print. People have got enough on their plate without having this land on them," said one resident.

In the southern part of the island, homes have already been destroyed by fast-moving hot lava

or simply exploded because of proximity to the flow. In the "safe" area to the north, acidic volcanic ash has fallen on homes and the cost of damage is escalating.

Nemwil, which has written 800 policies providing coverage of 160 million East Caribbean dollars (\$60m), said most insurers inserted cancellation clauses into the wording of policies. It intends to meet valid claims up to August 28.

"It's not something we want to do, but under the circumstances and the potential lack of support from our own reinsurers, it is

impossible to continue," said Jeffrey Montano, manager of Nemwil's overseas division.

United Insurance has provided coverage worth \$65m in Montserrat. "We have not been able to assess the damage, but it is likely to be significant," the company said.

For the two Caribbean-based insurers, the volcano is a more serious threat than for Royal & Sun Alliance, which is a bigger company and pays out hundreds of millions of pounds in claims each year.

island and prompted the resignation of Bernard Osborne, Montserrat's chief minister. David Brandt, who is expected to be his successor, said he would ask the government to revise the level of assistance it is offering.

Mr Brandt said he would also ask the government to resume development of the north of the island, where the remaining 4,000 islanders have been forced to live, because scientists said no large eruption was impending. The government was accused of over-reacting to scientific advice about the risk of a severe eruption.

MP scorns 'shabby end of colonial empire'

By David Wighton in London and Canute James in Kingston

The UK government came under mounting pressure yesterday to increase aid to Montserrat. One backbench MP in the governing Labour party said he was "disgusted" at the way the 4,000 remaining inhabitants had been treated.

The opposition Liberal Democrat party also called for more financial help for islanders and said all who wanted to leave should be given British citizenship. Jenny Tonge, the party's international development spokeswoman, said the government

had mishandled the crisis and failed to keep the islanders informed.

Bernie Grant, the Labour MP who heads the parliamentary all-party group on the Caribbean, criticised the government's handling of the crisis. "I think that this is a really shabby end of the British colonial empire and I believe they have been treated disgustingly," he said.

Clare Short, the international development minister, was attacked for an interview in which she sought to justify the level of financial support being provided to islanders taking part in the voluntary evacuation. Ms Short had compared the £2,400

(\$3,912) on offer per adult to the compensation which victims of tragedies in the UK, such as flooding, could expect. "That is hardly a fair comparison," said one Labour backbencher. "The Montserratians face losing everything."

Frank Savage, the British governor of Montserrat, said: "I would like to believe that, as the needs of the people of Montserrat become clearer, further requests from the government of Montserrat will be looked at extremely sympathetically," he said on BBC Radio.

The announcement of the aid package details provoked an angry reaction on the

Empire without profit. Page 7

Big money game slow to pay out

Rugby union's investors may have to be patient, writes Huw Richards

Two moments determined the revolutionary phase in rugby union following the abandonment of amateurism in 1995. The first was the Rugby Football Union's decision not to regulate or limit professionalism. The second was Sir John Hall's recruitment of Rob Andrew on a lucrative contract to lead his Newcastle, north-east England, club, followed by Newcastle's cheque-brandishing pursuit of top players.

The resultant surge in costs has been matched by an influx of television money, and by a wholesale change of ownership among the top clubs. The new breed of owners - individual entrepreneurs, very often with interests in other sports - are banking on the assumption that rugby can broaden its appeal. For the time being, at least, it is proving an expensive investment.

"The Rugby Union could have avoided a lot of grief if it had followed the example of the New Zealand Rugby Union, which contracted all the leading players," says one London club official. "They would have been paid on a standard tariff basis and there would have been no transfer market. Instead, the clubs have had to do absolute bloody miracles."

Player salaries have been the driving force in the professionalisation of the game - pushing costs rapidly to a

Who owns rugby union?

Club	Position 1996-97	Membership	Season ticket price	Main backer and background
Wales	2nd	4,000	£135-225	Andrew Brownsword (greetings cards) since 1996
Wales	2nd	n/a	£140	"in discussions"
Wales	2nd	2,200	£95-160	Tom Watkinsshaw (75%) (motor racing) since 1997
Wales	3rd	2,500-3,000	£150	Private club with no main single individual backer
Wales	3rd	10,500	£95-220	Members' club - share issue planned
Wales	3rd	1,800	£200-350	Share issue led by leading club members
Wales	3rd Div 2	2,000	£99-165	Sir John Hall (property development) since 1995
Wales	3rd	2,500	£111-185	Keith Barwell (tea newspapers) since 1995
Wales	3rd Div 2	2,500	£125-164	Ashley Levett (metal dealing) since 1995
Wales	3rd	1,200	£98	Neil Black (City dealer) since 1997
Wales	3rd	2,000	£130-200	Nigel Wray (property) since 1995
Wales	3rd	2,500	£140-175	Chris Wright (Chryslers / Lotus Road) since 1996



Newcastle's Sir John Hall, flanked by Valda Tugaitola (left) and Rob Andrew

level where outside capital, and professional marketing and management, have become essential to survival. Most top clubs are, in effect, controlled by a single investor, although there are exceptions.

One club doubtless watching with great interest is Leicester, in the Midlands, whose large individual membership has made it the one club capable of funding professionalisation from its own resources. But it, too, is planning a share issue.

The fate of those without serious external support is all too clear. Bristol, in the west of England and one of the game's traditional giants, lost two British Lion forwards during the summer, leading urgency to its current negotiations with an unnamed investor.

Players' salaries have rocketed. West of England club Gloucester is budgeting about £1.5m (£2.4m) for salaries this season. London Irish will pay £1.2m, while both Mike Smith - chief executive of Saracens, based in Watford, to the north of London - and Howard Thomas, chief executive of north-west England club Sale, put annual salary costs of a top club at £1.5m or more. As a result, the minimum cost of running a First Division club is now well over £2m a season. London Irish has budgeted £2.3m,

Gloucester more than £2.5m. Ticket prices have also risen. The game that cost £5 to watch three seasons ago may now cost £10 or even more. But gate money comes nowhere near to matching costs, even for a relatively well-supported club like Gloucester, which reckons to make about \$675,000 in season ticket and gate income.

Such figures underline the importance of the RFU's television contract with British Sky Broadcasting, the satellite television network which will pay each First Division club around £500,000 this season, rising to £700,000 for the four leading clubs.

Sponsorship income is also significant. Harlequins' deal

with Japanese electronics giant NEC is worth £1.5m over three years, while Saracens will get £1.2m from Kenwood over the same period.

But nobody, except the players, is expecting to make any money in the near future. London Irish lost £442,000 last season and rumours suggest that some clubs lost much more. Jonathan Davis, Gloucester's operations manager, says: "Any club which manages to break even under current conditions is doing remarkably well."

It is too soon to tell whether rugby's capitalists will see a return on their money. But they look to be in for a long wait.

Deputy PM slams Scottish bank chief

By James Buxton, Scottish Correspondent

Mr John Prescott, the deputy prime minister, yesterday sharply criticised Sir Bruce Patullo, governor of the Bank of Scotland, for entering the debate on Scottish devolution. Sir Bruce warned on Thursday that the Scottish parliament proposed by the Labour government should not have the power to raise taxes.

Scottish voters will be asked in a referendum on September 11 whether they support the creation of parliament and whether it should have tax-raising powers. Referring to Sir Bruce, Mr Prescott said: "Play around with your money but just leave us to get on with our politics."

Sir Bruce said that if a Scottish parliament had the power to raise an extra 3 pence in the pound on income tax, Scotland would "stick out like a sore thumb" by being the highest-taxed part of the UK.

This would end the level playing field for business between Scotland and the rest of the UK and have a "corrosive" effect on the Scottish economy, resulting in the creation of fewer jobs in Scotland, he claimed.

Sir Bruce spoke with the authorisation of his board, which met on Tuesday. He said the bank was not supporting a No vote, but was trying to inform the electorate of the likely consequences of voting for tax-raising powers.

Mr Alastair Darling, a senior Treasury minister, said the Scottish parliament would have "a marginal power" to raise just £450m (£733m) on top of annual expenditure of £14bn.

The Scottish National party, which campaigns for an independent Scotland, yesterday launched its campaign for a double Yes vote.

Earlier this month the SNP abandoned its stance of claiming that the new body would be a "pigmy parliament" with little power. "We believe devolution is not an end but a beginning - a step towards real independence," said Alex Salmond, the SNP leader.

UK NEWS DIGEST

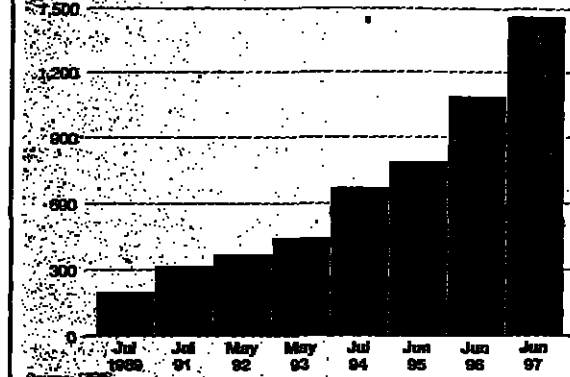
\$2.4bn invested in ethical funds

The amount of money invested in ethical funds has more than doubled in the past three years, according to a new report.

Research published yesterday by the Ethical Investment Research Service (Eiris), a consultancy, found that funds managed by ethical unit and investment trusts rose 35 per cent to £1.47bn (\$2.4bn) in the year to the end of June. Since 1994 the money managed by such funds has more than doubled from £672m.

Getting the feelgood habit

Value of ethical unit and investment trusts, £m



While this is still tiny in comparison with the £150bn of total funds under management in unit and investment trusts in the UK, the rate of growth is double the 55 per cent total increase since 1994. The FT-SE All-Share index has increased 60 per cent to £1,078bn in the past three years.

Ms Karen Eldridge, head of client services at Eiris, said: "There is a lot more interest in ethical investment now. A broad range of ethical investment funds was included in the survey, the first to be officially published by Eiris. The funds typically eschew investments in military manufacturers, oil companies and tobacco producers."

Ethical funds have increased by 34 per cent a year on average since 1988, twice the 17 per cent of the industry as a whole.

The growth in ethical funds could come from both the increased amount of money managed and improved performance, said Ms Eldridge. In the year to 1994 ethical funds enjoyed their biggest percentage increase of 50 per cent to £672m after several new funds were launched at the beginning of the decade. According to Eiris, ethical investors tend to be female. They most strongly object to three types of organisations: those which manufacture weapons, support oppressive regimes or despoil the environment.

Jane Martinson, London

MOTOR INDUSTRY

Home rise offsets exports drop

Car production for export faltered for the first time this year in July, falling by 1.5 per cent on a year-on-year basis to 69,430 from 70,456. The drop is prompting some unease about sterling's continuing strength in industry circles.

However, the drop was more than offset by a 6.9 per cent year-on-year rise in production to feed the traditional UK August new car market bonanza caused by the introduction of the 'R' registration plate prefix. July's 90,210 output for the domestic market compared with 84,302 in the same month last year. As a result, total car output last month reached 159,640, up 3.1 per cent on the 1996 level.

Output for the first seven months of the year as a whole, at 1,035,872, was 3 per cent higher than a year ago and leaves the industry still on course for another 20-year record, according to yesterday's figures from the Office for National Statistics.

John Griffiths, London

MANUFACTURING

Investment highest since 1990

Manufacturers' investment in capital equipment rose by a seasonally adjusted 10 per cent in the second quarter, according to a breakdown of Thursday's national expenditure figures from the Office for National Statistics. It is more than 25 per cent up over the year and at its highest level since 1990. Manufacturers also ran down their stocks by £170m (£277m) in the second quarter, the largest decline since the third quarter of 1993. Retailers continued to amass stocks, but at a slower rate than in the previous quarter. Both these sets of figures are subject to large and frequent revisions.

Robert Chote, London

LLOYD'S OF LONDON

Market forecasts \$16bn business

Lloyd's of London, the insurance market, said yesterday it expected to write up to £10.2bn (\$16.6bn) of business next year, slightly less than in 1996.

The first indications of capacity - the maximum amount of premium income Lloyd's could earn - show that underwriters may be adopting a more cautious strategy amid difficult market conditions. Premium rates in commercial insurance markets have fallen sharply this year amid intense competition. Capacity rose from \$9.5bn to £10.3bn this year.

Christopher Adams, London

INTERNET

Warning to investors

Users of the Internet were yesterday warned to beware of cheats who copy the web sites of legitimate investment firms in an attempt to defraud the public. There have been several cases of "copycat" web sites and the Securities and Investments Board is determined to clamp down on the problem. SIB urged people considering investing over the Internet to check very carefully that the site is genuine and the firm is legal.

Operator breaks ranks on personal numbers

By Michael Peel in London

Orange Communications yesterday broke ranks with the other mobile phone operators when it said it would be ready for the planned introduction of number portability next June.

Other operators were sceptical about the company's claim that it was prepared technically for the introduction of portability.

They said that Orange risked developing systems

which would be incompatible with those of other operators, making it impossible for customers to change service providers.

Ofcom, the telecommunications regulator, announced earlier this year that it wanted the companies to give each mobile phone user a personal number which would be retained if they changed operator.

Vodafone, the UK's largest operator, said yesterday that next June's deadline was too

tight because of the "difficult and complex" technical issues involved.

It said it would prefer to see portability introduced by the end of 1999 in line with proposals by the European Telecommunications Standards Institute.

But Orange said it supported Ofcom's decision to accelerate the process. It would not say if it had developed its "full UK technical solution" in conjunction with other operators.

Another operator, One 2 One, said it was unsure if it would be ready for portability by next June. It said each operator would need to develop a system which could redirect calls for customers who had changed to a different service provider.

"We need to ensure that the software that makes it happen for one operator doesn't conflict with the way another operator implements it," it said.

"Orange can't do this in

isolation. Their solution may not be fully compatible with any solutions that any of the other operators develop."

The operator Cellnet also said it had not discussed any technical changes with Orange. "We don't believe it will be physically possible to make the changes that will be needed by July 1998," it said. "There are many changes that need to be made at the network level. It would mean the companies working together."

All-Ireland market may grow from peace deal

Some bankers expect a sharp rise of merger and acquisition activity across the Irish border if the peace talks among politicians due to resume next month produce a political settlement.

Politics has so far constrained such business in many sectors. Already, in the wake of the first IRA ceasefire in late 1994, the number of cross-border transactions has increased. Richard Keatinge, director with investment Bank of Ireland in Dublin estimates that more than a quarter of the M&A activity involving Northern Ireland companies relates to cross border deals compared with 10 per cent 3 years ago.

Increased political stability has encouraged companies to look at the island of Ireland as a single market, particularly in sectors such as distribution. According to a report by Company Broking, a

Distribution companies are taking the lead in treating north and south alike

Northern Ireland consultancy, 15 of the 48 NI-based companies which changed ownership in 1996 were in the distribution sector.

The arrival of the big UK retail stores in both parts of the island is likely to force food companies, most of which are southern based, to operate all-Ireland operations to achieve economies of scale.

"There may still be currency issues, and the regulatory framework is different, but many southern companies would now look at Northern Ireland as part of an all-Ireland market," says Colin Walsh, who runs a £20m (£32.6m) fund for Hambros, the UK bank, part-financed by the European Commission.

But there are still special sensitivities. Even where deals have

gone through, southern businesses have had to adapt to Northern Ireland's "local" conditions.

"Our Northern Ireland subsidiary is doing well, just as long as we don't try to do any public relations up there. It's odd but I think you can't be seen to be making real progress," says the director of one listed company in Dublin.

The problems can be particularly acute where the businesses acquired are in predominantly Protestant areas.

"The [pro-British] loyalists would see us as a Republic of Ireland factory, while the republicans would see us as a completely Protestant factory," says the director of one such concern, who recalls a time when paramilitaries were threatening to spike its product, as part of an

extortion racket. "We're targets either way. But I think everyone has had their problems."

Working practices are another area where a little local knowledge is useful. In a well publicised case, Golden Vale, probably the most active of the Irish food companies, fell foul of the fair employment commission, which is normally seen as protecting Roman Catholic employees from Protestant bosses.

After it replaced the Protestant director of its Northern Ireland subsidiary with an executive from the southern headquarters, the director concerned sought and won £77,000 in compensation for wrongful dismissal - the largest individual payment ever made.

A more general problem is the conservative character of many of

the Northern Ireland family-owned - and usually Protestant - businesses which are acquired.

"They would tend to be in good financial nick, with plenty of cash on the balance sheet. But it's like going back in time. You'll find the chairman is called Mr John and all this carry-on, like breweries in the UK used to be," says a Dublin banker familiar with the M&A scene in Northern Ireland.

Although it is difficult to measure, anecdotal evidence suggests that the changed political environment, together with the increased interest from Dublin companies, has already served to boost the value of Northern Ireland companies.

John Murray Brown

Bombings linked to 'loyalist' feud

Petrol bomb and gun attacks yesterday against three homes in Londonderry, the second largest city in Northern Ireland, were linked by local observers to a deepening feud between rival anti-republican "loyalist" paramilitary organisations. A girl needed hospital treatment for burns to her face and hair.

The violence was linked by security sources to a dispute over a red, white and blue loyalist paramilitary mural on the wall of a house. The attacks were the latest in a series of clashes between the Ulster Volunteer Force and Ulster Defence Association. A house in one area of the city was bombed about two hours after two other homes had been attacked. The latter attack was apparently in revenge for the first two. "None of these attacks was sectarian," said the city police.

Meanwhile in Belfast, the capital, 12 men were being questioned by detectives after a bar was smashed in Portadown about 40km to the west. The attack was said to stem from a dispute between the UVF, which continues to observe the "loyalist" ceasefire after three years, and the breakaway Loyalist Volunteer Force, which rejects it.

FINANCIAL TIMES

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Japanese repeat

Observing the Japanese economy is a bit like being in one of those old picture houses where the same film comes round and round. This is the fifth showing, halfway through.

Once again, export growth is riding to the rescue. Domestic consumption is the damsel in distress, but the bad guys on Capitol Hill are not yet ready for the traditional shoot-out over a surge in imports to the US.

So are a bout of trade friction with the US and a sharp yen revaluation in the script? That is what the last four showings suggest.

The story of the past 25 years in Japan has been a repetitive cycle: the yen falls against the dollar, leading to an explosion of the trade surplus; the US reacts strongly to a growing bilateral trade deficit with Japan, resulting in an over-shooting yen and recession. There have been four such cycles since the early 1970s. True to the old pattern, the present, feeble recovery has been almost entirely export led. Domestic demand has remained subdued, with household expenditure falling in June. Bankruptcies have been rising among the smaller firms, more dependent on the domestic market. In contrast, export confidence is high. The trade surplus increased in the year to July by 70 per cent, with manufacturing exports rising 12.1 per cent year on year.

The official forecasts say consumer demand will recover in the second half of the year, and the current slowdown is the temporary result of April's increase in consumption tax. The consensus among forecasters suggests growth around 1.7 per cent this year, with exports continuing to provide much of the growth.

Robert Feldman, chief Japanese economist at Salomon Brothers, predicts the trade surplus will rise above 3 per cent of gross domestic product by early 1998. Last time this happened, in 1986, the cycle came to a particularly abrupt end, with the yen rising to 190 to the dollar.

Strong words

So where is the story going now? The growing Japanese surplus is already causing some ugly talk in the saloon bars in Washington, despite recent strengthening of the yen. US figures this week showed the trade deficit with Japan at \$4.05bn in June, an increase of \$500m on May. In the first six months of

this year, the deficit with Japan stood at \$25.7bn, compared to \$22.2bn in the first half of 1996. Strong words have been exchanged between the two governments behind the scenes.

But any tendency in the US to try to drive Japan out of town is tempered by the fact that things are looking pretty fine on the ranch just now.

The US economy is strong. Unemployment is low and corporate profits high. So complaints that the US car industry cannot sell enough into Japan may not be enough to create the usual showdown. In addition, the rising deficit with China has caught at least as much public attention as that with Japan. Even so, a big rise in the trade surplus will eventually provoke a crescendo of US complaints.

Few options

If this happens, the Japanese government has few options. Monetary policy has proved ineffective in boosting demand. Nor is there much room for manoeuvre on the fiscal side.

The 1995 fiscal expansion was successful in boosting demand. However, since then the government has committed itself to a badly timed Maastricht-style reduction of the general government deficit. Although reducing the public deficit is undoubtedly a desirable goal, in the short term it could undermine the recovery.

The difficult challenge is to keep the economy moving while reducing the huge overhang of debts. But if domestic demand does not recover, fiscal stimulus may be the only means of preventing increased tension with the US in the short term.

In the longer run, deregulation is vital to allow the development of the service industry, and to provide more profitable investment opportunities. The US should not regard a bilateral capital account surplus as an act of Japanese economic predation.

The fact is that the Japanese show no sign of giving up their habits of thrift - savings levels remain extraordinarily high at above 30 per cent of GDP. Japanese consumers may prefer this to having fun in department stores, but their savings are too great to be profitably invested in a slow-growing, mature economy.

If it wants to stop the US trying to play sheriff the Japanese government must find ways to encourage its citizens to be a bit less Japanese and buy into the American Dream.

Oil and troubled waters

Max Wilkinson examines John Browne's tactics as the BP chief executive grapples with media-friendly Greenpeace protesters

Kill a protester? The oil man chuckled. Then, in deadly earnest, he said: "That is something we will not do."

In spite of such confidence, the big oil companies cannot avoid being anxious. Since early summer, Greenpeace, the environmental protest organisation, has been throwing activists into the North Atlantic to swim across the paths of seismic survey vessels. It has sent small rubber boats tossing in steep seas among the cables, buoys and hydrophones just as explosive charges are due to be let off. Most recently, Greenpeace climbers scaled the slippery chains of a drilling platform operated by British Petroleum and suspended themselves from its side in a cylindrical barrel, like human limpets.

All this is happening in waters wild and deep, about 90 miles west of the Shetland islands. This is Britain's last great oil frontier, where much is at stake for the oil multinationals. As North Sea reserves run down, new technologies allow them to explore in far deeper waters than had seemed possible two decades ago.

Greenpeace is trying to stop them. Its arguments are that the planet is getting too warm and that, anyway, we will have all the oil we need to burn from other fields as long as we harness energy from the sun and the wind. The oil companies are less worried about rebutting Greenpeace than looking idiots at the wrong end of the organisation's publicity machine.

The humiliating failure of Royal Dutch/Shell's attempt to dispose of its Brent Spar storage buoy in the Atlantic deeps two years ago is a powerful reminder of how badly things can go wrong. Shell had all the arguments on its side. It had considered 13 different options for disposing of this giant steel structure and considered 30 separate studies by independent organisations. It was overwhelmingly agreed that burial in waters 2km deep was the best solution. It would cost only a quarter as much as onshore disposal. It would be six times safer, greatly reducing the risk of fatal accidents, and would minimise damage to the environment.

The British government agreed. No other government belonging to the Oslo Convention on the maritime environment objected.

But did the public know, or care, about this? European television viewers saw emotive footage (mostly shot by Greenpeace) of activists heroically clinging to a giant tin can full of what was said to be thousands of tonnes of poisonous oil to be thrown into Europe's back yard. By the time Greenpeace admitted it had made grossly misleading statements about the amount of oil in the



buoy and where it was to be dumped, it was too late. The German government had cravenly switched its support to the protesters, after which Shell's defeat became inevitable.

Clearly a reverse on anything like this scale in the present dispute would be a disaster for the oil industry. Disposal of Brent Spar will cost \$70m (\$42.9m) at the most - small change to Shell. By contrast BP is spending \$2bn on its two Atlantic fields, Foinaven and Schiehallion.

So what can they do differently? All oil companies talk about being more environmentally aware and more open with the public. But the most important lesson from the Brent Spar debacle is caught in a visual image: the film of Shell's high pressure fire hoses pouring their wrath on the plucky protesters.

If Greenpeace had hired the best artists in Hollywood, it could not have come up with a better picture: the power of the multinational, the strength of principled defiance. And although Shell was doubtless anxious not to hurt the protesters, accidents can happen at sea, and Shell's action

appeared highly aggressive.

This summer there has been no repetition of such scenes. Ocean-going survey vessels, operated by many different companies, have politely stopped to let Greenpeace and its retinue of journalists film their stunts, even though the cost of half a day's disruption may be around \$25,000.

When activists boarded the BP platform, the Stena Dee, the company stationed two men, not as guards, but as safety watchmen. They even asked the valiant protesters if they would like to come aboard for a shower - perhaps a bite to eat. Even more bizarrely, BP offered to help Greenpeace out when a television crew was stuck on board the protest ship without means of getting ashore. After friendly negotiations with the ship's captain, BP provided a helicopter to help the newsmen get their pictures home.

Yet the company has taken a fairly tough line by calling in the police to remove protesters and in suing Greenpeace for £1.4m for lost earnings. If the company is succeeding in its "softly softly" strategy for avoiding human mar-

tyrdoms, may it not still risk being seen as a corporate bully?

Rodney Chase, deputy chief executive of BP, acknowledges the dilemma: "I was astonished at the risks these people are prepared to run, doing what appeared to us, grossly reckless acts."

But although he gave orders that everything should be done to minimise personal danger, he felt it was quite reasonable to seek the remedy of the law for economic loss.

"If Greenpeace chained themselves to your car, you might want to know whether there was a law which could help you," Mr Chase points out. Even so, he does not wish BP to be seen to be a giant using disproportionate force to crush legitimate protest. The company's offer to withdraw the action, if Greenpeace will stop obstructing, seems to have been rejected. The result is a public relations deuce, with Greenpeace next to serve.

Off the centre court, more serious games are being played by both sides. The industry really does want to be seen as environmentally conscious, by

reducing pollution, taking care of nature and increasing efficiency, and there are many figures to prove it. North Sea spillages, for example, have been reduced to one ten thousandth of a per cent of total production; and flaring of unwanted gases is being steadily eliminated.

At the same time the oil companies are talking much more seriously to environmental groups. Although most oil men do not believe claims that their seismic guns are harmful to cetaceans, they have agreed, for example, to post observers before firing and to sound warning guns at low volume. So although there is no evidence as to whether dolphins are damaged, disorientated or merely disgruntled by the noise, at least the industry is seen to be co-operative.

Bryan Taylor, technical director of the UK Offshore Operators' Association, admits that many of the industry's efforts to become more sensitive to the environment reflect pressure from greens. But he says: "We are also trying to do the right thing. Of course, it costs money, but we have found that after a bit of practice the costs are often not as high as we thought they would be."

The industry has also been forced to confront green issues on a much broader intellectual canvas. For example, many oil executives were quite at a loss to know how to react to the following statement made during a lecture at Stanford University, California, earlier this year:

"We must focus on what can and what should be done, not because we can be certain climate change is happening, but because the possibility cannot be ignored. If we are all to take responsibility for the future of our planet, then it falls to us to take precautionary action now."

The speaker was John Browne, chief executive of BP. His address could have been made by many a moderate green and is still quoted with approval in green circles. Shell, too, has made moves in this direction in a revised statement of its general principles earlier this year and in an environmentally friendly speech by John Jennings, a group managing director.

But Mr Jennings also emphasises the tradeoffs between economic benefits and environmental cleanliness, between cars and clean air, which most people avoid and environmentalists fudge.

If the industry wants to restore the popularity it enjoyed in the early 1980s during its titanic struggle to defeat the North Sea for the benefit of mankind, it must confront this dilemma. It cannot simply give in to the militants, but would be foolish in the extreme to try to throw their arguments into the sea.

LETTERS TO THE EDITOR

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We are keen to encourage letters from readers around the world. Letters may be faxed to +44 171-873 5938, e-mail: letters.editor@ft.com. Published letters are also available on the FT web site, <http://www.ft.com>. Translation may be available for letters written in the main international languages.

Latest revaluation of green pound puts UK farmers in touch with reality

From Mr Mike Shilling.

Sir, UK farmers are stepping up their demands for compensation for the effect of sterling's strength on farm incomes. Of course they are, but they kept very quiet during the earlier part of this decade when they saw the agrimonetary system as a safe one-way bet.

It was always designed as an inflationary system (in order to protect German farmers' incomes), and producers whose currencies have been predomi-

nantly weak have done extremely well out of it. Now they have to give some of these gains back to the consumer. The system is so biased in their favour that a number of banks have offered products that would pay food producers to hedge their exposure to sterling, but such advice has always fallen on deaf ears - the pickings were too easy.

The really absurd point is that the demands of Sir David Naish, president of the National Farmers' Union, are justified under the

rules, at least to the extent that these revaluations have more than reversed recent increases in aid payments. It is, and has always been, a crazy system. The sooner it is abolished, and the agricultural industry returns to the real world, the better.

Mike Shilling, director, Record Treasury Management, 32 Peasod Street, Windsor, Berkshire SL4 1EA, UK

Investors lose with foreign income dividends

From Mr Christopher G. Bomford.

Sir, Since the recent UK Budget measures removed the ability of pension funds to reclaim Advance Corporation Tax on dividends, a growing number of companies have chosen to pay foreign income dividends in place of already declared normal net dividends.

While this saves the companies money, it works to the disadvantage of charities, personal equity

plans and private individuals who are still permitted to reclaim ACT. These Fids equate to the net dividend they replace, rather than to the gross as in the past.

Since by definition ACT cannot be reclaimed on a Fid, these classes of investor are being deprived of the tax rebate which the Budget proposals still entitle them to - until 1999 and in the case of charities, on a tapering scale for a further five years.

The future of Fids and tax relief for these groups of investors must be clarified urgently, but without the undue haste with which the above measures were introduced, and after consultation with those affected by them.

Christopher G. Bomford, Woodstock Cottage, Reading Road, Wallingford OX10 9DS UK

Germany's true job challenge is still dramatic

From Mr Grant Kirkpatrick.

Sir, In your editorial "Germany's job challenge" (August 20), you refer to Figure 11 of the most recent OECD Economic Survey of Germany, noting that there has been a dramatic fall in German employment of some 7m.

This graph is not as clear as we

would have wanted, because the scale can easily be misinterpreted.

The graph in fact shows that the decline in employment between 1991 and 1997 was about 3m workers, with falls in western Germany of about 1.2m workers and in eastern Germany of about 1.8m workers. Such a decline is

nevertheless still dramatic and fully supports the concerns expressed in your editorial.

Grant Kirkpatrick, Organisation for Economic Co-operation and Development, 2 Rue André Pascal, 75775 Paris Cedex 16, France

Social housing numbers game

From Mr Harvey Cole.

Sir, Your leading article "The countryside" (August 19), makes some valid points about the "numbers game" being played with the UK's housing requirements.

However, it failed to emphasise that the much-publicised figure of 4.4m new dwellings "needed" between 1991 and 2016 simply projects existing trends in society, unmodified by any constraints of policy. It also assumed the need would be met regardless of financial constraints.

In fact, about half of the 4.4m dwellings would be provided only if provided through the social housing sector. If public finance is not forthcoming to support this, the effective demand will be correspondingly reduced. Structure Plan allocations should therefore make provision separately for the open market and so-called "affordable" housing, and monitor trends in each.

If it is desired to secure development of "brownfield" and other difficult sites in preference to building on green fields, wherever this is possible, that is a perfectly proper political objective. The price mechanism could be harnessed to help the process by imposing a levy on the latter, the proceeds of which would be redirected as subsidy to help finance the more expensive infrastructure of the former.

It is difficult to understand why so many people and organisations in the planning world shy away from such an approach.

Harvey Cole, 9 Clifton Road, Winchester SO22 5BP, UK

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مركز من النجف

Man in the News • Mohammed Khatami

A peaceful evolutionist

Robin Allen on the challenges confronting Iran's president

Mohammed Khatami, Iran's new president, who this week won endorsement of his cabinet from parliament, is carrying a heavy burden of expectation as he sets out on his term in office.

In three months, the gently-spoken cleric has notched up two "successes" which some analysts see as the catalyst for clear changes both inside Iran and in its relations with the west.

Firstly, Mr Khatami, 54, won a landslide victory in nationwide elections last May. His programme was disarmingly simple, based on an Iranian-style personality.

He proposed greater openness in society, acceptance of political criticism, greater social justice and respect for civil rights and the rule of law. He advocated the importance of involving younger people in politics, more job opportunities and a fairer distribution of national wealth.

That such ideas should have been new and appealing to 70 per cent of Iran's voters says a lot about the straitjacket in which Iranians have been living since the imposition of strict Islamic rule in the 1979 revolution.

But alone among the four presidential candidates, Mr Khatami sensed what Gary Sick of New York's Columbia University called "the palpable mood for change".

In a country where the franchise is universal, where the voting age is only 15 and over half the population is under 21.

Mr Khatami's second success was to secure parliamentary approval on Tuesday - in the face of fierce opposition - for a relatively moderate cabinet containing his own nominees in three of the four key ministries of foreign affairs, intelligence, interior and culture and Islamic guidance.

Now, according to some analysts, there exists for the first time the possibility of a reformist president backed by a hopeful nation, converging with an establishment that is prepared to start accepting, however reluctantly, the reforms the president wants.

If Mr Khatami is the catalyst for peaceful evolution, some of the reasons are to be found in his own background, a blend of Shia orthodoxy and modest exposure to more global influences.

The son of a respected cleric in the provincial city of Yazd, south-east of Isfahan, Mr Khatami completed theological studies in Qom

and Tehran. As director of the Islamic centre in Hamburg during the 1970s, he learned English and German.

In a book of his writings to be published shortly in English, Mr Khatami says he wants Iran's Islamic identity to thrive and the revolution to endure by immunising Iranians against western-imposed values. But this he believes is best achieved by interaction rather than isolation.

"Our revolution made us introspective and we decided to struggle for our independence, to be masters of our own fate," he says. But "the cultural strategy of a dynamic, vibrant Islamic society cannot be isolation."

The challenges confronting Mr Khatami as he seeks to apply these principles are daunting.

Since the revolution, Iran has seen income from its rich oil resources halved while its population has increased by more than 40 per cent to almost 70m. Economic growth in real terms is running at barely 1 per cent, while some 40 per cent of the workforce is not

in productive employment. Mr Khatami has no personal experience of economic policy or public finance. He has given confused signals on what policies he favours to tackle the crippled economy, particularly on the critical issue of the role of the private sector and foreign investment.

Businessmen call for a much greater role for the private sector, with the government concentrating on creating a favourable investment climate. At present, the state controls up to 85 per cent of the country's economic activity. But in the past eight years, less than one-quarter of the 700,000 jobs needed each year to soak up unemployment have been created.

Even if Mr Khatami wants to give the private sector a bigger role, forging change will be hard. According to Sadegh Sami, chairman of Tehran publishers Ketab Sara, opponents of reform have "lost the elections but not the power".

A range of state, clerical and secular vested interests embedded in Iran's complex

structure of parallel policy-making and policy-vetting institutions will oppose Mr Khatami tooth-and-nail.

Mr Khatami's ability to modify, or even to fine-tune, foreign policy is similarly limited.

He appears to want to reduce the isolation of Iran that dates back to the birth of the revolution. He would like to improve relations with the US, which has made Iran an international pariah for its alleged sponsorship of international terrorism and its fiercely anti-US stance.

He also wants to resolve the stalemate in relations with Europe caused initially by the row over the 1989 *fajna* issued against the life of British author Salman Rushdie and by this year's German court verdict on Iranian involvement in the murder of four Kurdish opponents in a Berlin cafe.

But foreign policy is officially the domain of the spiritual leader Ayatollah Ali Khamenei, who has supreme power over all state institutions and is significantly more rigid than Mr Khatami. Mr Khatami was reminded of this on Thurs-

day when Mr Khamenei appointed Ali Akbar Velayati, who was foreign minister since 1981 until his removal this month, as his adviser on international affairs.

The appointment means Mr Velayati will almost certainly have a seat on the Supreme National Security Council (SNSC), which has overall discretion on foreign policy, as one of Mr Khamenei's two official representatives, on the same level as Kamal Kharazi, Mr Khatami's foreign minister.

US officials say it is too early to judge Mr Khatami. Iran has not shown any evidence of modifying any of the fundamentals of its opposition to the Middle East peace process and its development of weapons of mass destruction. "On issues that matter to us," says a US official, "the experience has been that there are no moderates in Iran."

But Gary Sick says that Mr Khatami offers an opportunity for improving relations that cannot be ignored. "Iran now has a president who wants to build a society based on human rights and freedom of speech."

If keeping one's eyes open amounts to a policy, then the US administration and Mr Khatami's domestic opponents would seem to share a common policy: both are watching and waiting for Iran's new president to make the first move.



George Parker on the politician who aims to protect the UK prime minister and his modernisation project from all attacks

From fixer to enforcer

Nick Brown, the UK government's chief whip, once boasted he provided housewives with "a softness and freshness they have never had before".

Some of the Labour party MPs on the receiving end of Mr Brown's ruthless brand of party management in recent days will wish he had stuck to his old job selling Lenor fabric softener in the Procter & Gamble advertising department.

Few people outside Westminster have heard of the 47-year-old former advertising man and lawyer, yet he is arguably as important to Tony Blair's fledgling government as higher-profile advisers.

Mr Brown is Mr Blair's enforcer. While the prime minister relaxed on holiday in Tuscany and south-west France, his chief whip was delving around in the murky and unedifying mire of Labour politics in the west of Scotland.

Some would argue this is Mr Brown's natural habitat. He loves the intrigue of internal Labour politics, party feuds and local rivalries - subjects that battle and repel higher-minded political operators like Mr Blair and Peter Mandelson, minister without portfolio.

Mr Brown took on his investigation into the events surrounding the suicide in July of Gordon McMaster, MP for Paisley South, with relish.

The result was the suspension of Tommy Graham, a neighbouring MP, for allegedly publicly abusing party colleagues - although he was cleared of any responsibility in connection with McMaster's suicide. Mr Brown also dispatched a "task force" to clean up the venal and possibly criminal activities of some local politicians in Renfrewshire.

There were inevitable squeals from Mr Graham and his acolytes. But that was nothing compared with the complaints about Mr Brown's rough behaviour

this week from Bob Wareing, MP for Liverpool Derby. Mr Wareing claimed he was driven to suicidal feelings by what he called "lies" spread by Mr Brown over his alleged links to Serbian companies.

Furthermore, when he warned the chief whip of his dark state of mind in two letters, Mr Brown simply never replied.

The luxury of a 178-seat majority means Mr Blair's government can survive many suspensions and suicides. But Mr Wareing's complaints focused attention on the nature of the man charged with keeping discipline in Westminster.

A glance at the chief whip's record since May 1 suggests Mr Blair has installed a political bruiser at Number 12 Downing Street, the chief whip's residence. Three MPs - Mr Graham, Mr Wareing and Mohammed Sarwar, the Govan MP - have been suspended for alleged misdemeanours.

Then last week Mr Brown sent out a copy of the party's disciplinary code to all 416 Labour MPs, reminding them they can expect to be punished if they repeatedly attack colleagues or bring the party into disrepute.

The letter indicated that Mr Brown can already see possible trouble ahead. The dormant Labour left is showing signs of stirring, with a recent call by more than 30 MPs for defence cuts. There is also deep-seated concern on the left about the government's surrender of interest rate policy to the Bank of England, and its refusal to countenance income tax rises to fund an increasingly stretched health service.

Mr Brown knows the breakdown of discipline at the top of the party - with Mr Mandelson and John Prescott, the deputy prime minister, fighting an ill-concealed battle for summer supremacy - could spread to the lower ranks.

Anyone with any doubts



Nick Brown: political bruiser

about Mr Brown's willingness to bear down hard on troublemakers needs only look at his extensive library of video films. It is crammed with movies of intrigue, feuding and brutal retribution: *The Godfather* is said to be one of his favourites.

Nick Brown is one of Westminster's great schemers, and Mr Blair values him highly for that reason.

"He's a supreme political tactician with a very good understanding of how the party works," says one Downing Street insider. "What Peter Mandelson offers in terms of media strategy, he offers in terms of political strategy."

He sees his remit as to protect Mr Blair and his modernisation project from all attacks. At an early cabinet meeting, colleagues joked that Mr Brown was sitting in the line of fire should the IRA launch another attack on Downing Street. "I'm here to catch the mortars and throw them back," he replied.

There followed a series of

relatively obscure jobs, including posts in the shadow Treasury and legal affairs team, and more recently as deputy chief whip. But his value as a backroom fixer has been recognised by Mr Blair and Gordon Brown, the chancellor, for many years.

It was Nick Brown who, in effect, used to ensure the annual election of Mr Blair and Mr Brown to the shadow cabinet. Compliant backbenchers would simply hand their ballot papers to Mr Brown, who would throw the block vote behind his approved slate of candidates.

"Nick was the unofficial chief whip for Gordon and Tony," says one Labour insider. "He basically used to organise the shadow cabinet elections for them."

In spite of his reputation as a ruthless operator, his up-front charm, laconic sense of humour and generosity have made him popular among MPs from all parties. Recently Nick Brown was driving up Whitehall in his ministerial car when he spotted Alastair Goodlad, the former Tory chief whip, walking along the street. He wound down the window and offered his former adversary a lift, which Mr Goodlad gratefully accepted.

Mr Brown is obsessed by politics. "He is the hardest, cleverest person I have ever met in British politics," including Mandelson and Gordon Brown, says one member of the Blair camp. Mr Brown hopes his work in the whip's office will eventually be rewarded by Mr Blair with the chance to run a government department. But Mr Blair values Mr Brown too highly for his ability to maintain party discipline and sort out any long-running feuds. "Nick enjoys the cut and thrust of politics, whereas Tony hates it - he can't understand why people can't work together," says one of the chief whip's admirers. "Nick's motto is 'kill the bastards before they kill us'."

He has his public persona is virtually invisible. Elected as MP for Newcastle upon Tyne East in the north-east of England in 1983, he came from a long tradition of union-sponsored members from the traditional Labour right.

There followed a series of

Dorothy Sherman calls herself a "bootbustler".

From a cheerfully cluttered office in Brooklyn, she runs a company called GrayZone, which provides a private detection service for record labels and fashion designers.

A few years ago, Ms Sherman earned her living by personally hunting down the sharks selling counterfeit albums or T-shirts at rock concerts and street markets. These days, she does much of her detective work online by surfing the Internet in search of the bootleggers and pirate jukeboxes which are infringing the copyrights of clients such as Warner Music's record labels and Tommy Hilfiger's fashion company.

Ms Sherman is one of the new breed of digital detectives who are being hired by entertainment groups, fashion designers and other companies anxious to protect their copyrights against the growing problem of digital piracy.

Copyright abuse has long been a serious issue for these companies. It cost the music business alone \$2bn in lost sales last year, according to the International Federation of the Phonographic Industry. Trade organisations such as the Record Industry Association of America, which represents the US record labels, and the Motion Picture Association of America, its film industry counterpart, have established anti-piracy units to identify rights infringements and take legal action on their members' behalf.

Until recently, these anti-piracy initiatives concentrated on tracking down counterfeit goods, such as fake Ralph Lauren T-shirts or illicit recordings of Prodigy concerts, sold through conventional outlets such as shops and market stalls, or by mail order.

The Internet has added an alarming dimension to copyright infringement, particularly for companies such as record labels and fashion designers with products appealing to young consumers, who are often enthusiastic computer users. "The net's a potential hotbed," says Steven D'Onofrio, anti-piracy director of the Record Industry Association of

The surfing detective

Companies are keen to stop internet copyright abuse, writes Alice Rawsthorn

America. "And it's a serious problem for us."

Music bootleggers swiftly realised that it was cheaper, and often more efficient, to advertise their wares on internet sites than in the small ads of magazines such as *Rolling Stone* or *New Musical Express*.

Equally worrying are the thousands of unofficial internet sites run by fans and amateur enthusiasts. These sites are filled with digital copies of copyrighted material - such as photographs, logos, video clips and sound samples - often used without permission, sometimes in inappropriate circumstances.

Video clips from fashion shows have been posted illicitly on the Internet. Freshly recorded album tracks by rock groups, including U2

and Nine Inch Nails, have been illegally broadcast before their official release dates.

For the music industry, the most ominous development is the proliferation of unlicensed digital jukeboxes, the 1990s equivalent of 1960s pirate radio stations. These sites use digital compression technology to post near-perfect copies of compact discs on to web sites from which they can be downloaded, often free of charge, on to personal computers.

Eighteen months ago, when pirate jukeboxes first surfaced, the Record Industry Association of America added a digital detection arm to the anti-piracy unit at its Washington headquarters. It now employs a team of full-time surfers, who scour the Internet searching for

abuses of its members' copy rights.

Mr D'Onofrio declines to say how many surfers are on the payroll. "We don't want the other side to know that," he says. "Let's just say that we're expanding as fast as the Internet."

If one of the association's surfers spots a suspected infringement, he or she will liaise with the institution's legal specialists, who can prepare cases against the perpetrators. This spring, the association secured indictments against 13 members of a Florida-based bootlegging ring, which had sold its wares on the Internet, and last month it closed down three pirate jukeboxes.

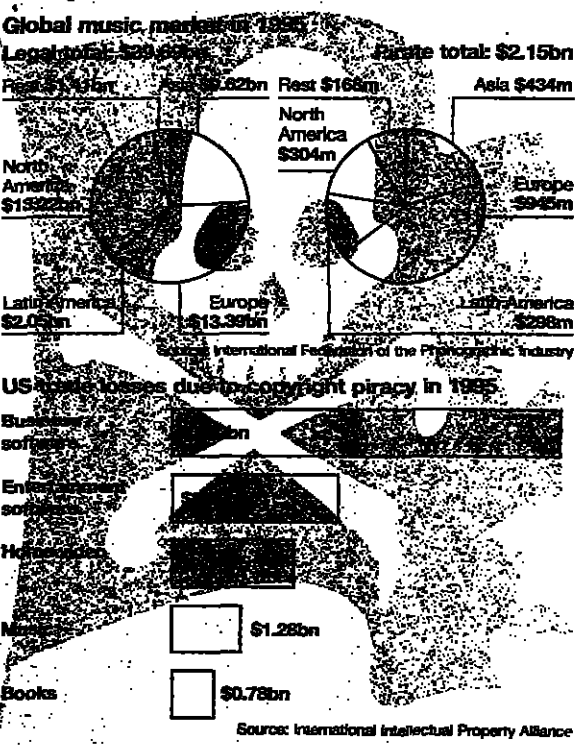
Trade associations act on an industry-wide basis, but individual companies increasingly require more specialised anti-piracy services. Some tap into the investigation networks of international law firms specialising in intellectual property, such as Baker & McKenzie, which acts for Calvin Klein, the New York fashion designer. Others have hired freelance digital detectives like Ms Sherman.

Ms Sherman began her career in the business affairs departments of MTV and Time Warner, where she was approached by the manager of the singer then known as Prince to track down counterfeit recordings.

After a few years as an after-hours investigator, Ms Sherman left Time Warner in 1992 to run GrayZone where, as an ardent techie, she soon realised the growing demand for digital detection. Some of her monitoring work for Warner's labels and bands, such as Nine Inch Nails, has resulted in prosecution. Other assignments are watching briefs to keep clients, like Tommy Hilfiger, informed about their Internet exposure.

GrayZone now employs its own surfers, many of whom already have full-time jobs but need extra income. They range from a mathematician and fashion designer to a Federal Express courier, although Ms Sherman still occasionally surfs herself. "I enjoy it," she says. "And it's a lot easier and cheaper than running all around town, like I used to."

The pirates' loot



The British government is failing to address grievances among its colonial remnants, argues Edward Mortimer

Empire without profit or prestige

As recently as the 1950s, patriotic British school-teachers encouraged their pupils to spin the globe and take pride in the amount of its land surface coloured pink.

Since then the winds of change have blown round the world. Britain's departure from Hong Kong, its last colony with a population of more than 100,000, has coincided with the 50th anniversary of the end of the Raj in India, prompting many an obituary of the empire. And now one of the 13 remaining colonies, Montserrat, has almost literally gone up in smoke. What is left?

In the eyes of the British government, mainly a problem of nomenclature. The word "empire" vanished from official documents some decades back, and even colonies were officially renamed "British Dependent Territories" (BDTs) in the early 1960s. But according to Baroness

Symons, the foreign office minister with responsibility for them, "our friends in the Caribbean dislike the term... enormously", presumably because it emphasises dependency.

She suggested this month that "British Overseas Territories" might be more satisfactory, while promising not to adopt any alternative title without discussion. But a change of name will hardly impress those affected, since it appears the government contemplates no change in the substance of their position.

Not that any of the BDTs are campaigning actively for full independence. If they were Britain would be only too happy to grant it, except in the case of Gibraltar where, under a treaty of 1713, Spain has first claim if the British Crown ever

renounces sovereignty.

Possession of these remnants of empire brings no profit and little prestige. Nor, however, does it represent a massive drain on the UK's resources. Easily the most expensive is the Falkland Islands, which Britain spends \$78m a year to secure against any repeat of the Argentine seizure of 1982.

Only impoverished St Helena still receives routine budgetary aid, about £3.2m a year (though other forms of aid take the total to £8.5m). The 5,800 inhabitants complain that their isolation - 700 miles from the nearest airport, on Ascension Island - leaves them no way of making up for the decline in British subsidies. Their main grievance concerns the right to live and work in the UK. This was withdrawn

from inhabitants of the BDTs by the British Nationality Act of 1981, mainly to forestall an influx of Hong Kong Chinese as the moment of return to Chinese sovereignty approached.

Full British citizenship was restored to Falkland Islanders and Gibraltarians after the Falklands war the following year. There was never a good reason for denying it to the other BDTs, and now that Hong Kong has passed to China there is not even a bad one. Lady Symons' argument that this "would be seen as highly cynical" amounts to saying that Britain must treat the people of the remaining BDTs as badly as it did those of Hong Kong for the sake of consistency.

Some of the prosperous Caribbean BDTs might not be willing to reciprocate by allowing unres-

tricted access to other British citizens. This year Hubert Hughes, chief minister of Anguilla, voiced fears of being "swamped by Britons who want to come in here and take over the entire commercial sector". But at least the offer could be made to those territories that want it.

St Helena is driven by sheer isolation to stress its ties with Britain, much as the Falklands and Gibraltar are by the need to fend off claims from Argentina and Spain respectively. In all three of these Atlantic BDTs, as among unionists in Northern Ireland, the main source of friction with Britain is the fear that their loyalty may be unreciprocated, and that London may be

secretly conspiring to rid itself of an unwanted responsibility.

In the Caribbean, while there is resentment of British neglect (as the current agitation in Montserrat shows), there is also in some quarters a more prickly desire to maintain local autonomy and keep Britain at arm's length. Thus at the beginning of this year Malcolm Rifkind, the then foreign secretary, stirred a ripple of protest among locally elected administrators when he decided to give wider powers to London-appointed governors.

Mr Rifkind's aim was to make sure that the Caribbean BDTs, several of which are highly successful tax havens, brought their money-laundering laws into line with those of the UK. But Mr Hughes retorted that the British government's position was

"immoral" and that "Britain is not sincere about the dependent territories standing on their own feet". He even complained that London was discouraging BDT leaders from attending any forum sponsored by the UN decolonisation committee - something it would certainly not need to do in the case of Gibraltar or Falkland Islands leaders.

In fact Britain did try to shed responsibility for the Caribbean islands in the 1950s and early 1960s. It pushed them into the Federation of the West Indies with their larger neighbours, only to see this collapse, with the secession of Jamaica and Trinidad, on the eve of independence in 1962. Then it tried to group them into a smaller federation of the "little seven". In the end they proved unable to agree. Those large enough to become independent on their own did so. Those that are left are too small to be viable independent states.

COMMODITIES AND AGRICULTURE

Mini cocoa rally comes to an end

MARKETS REPORT

By Gary Mead

This week's late mini-rally in cocoa futures in London and New York ran out of momentum yesterday, in spite of widening scientific support for the view that the developing El Niño abnormal weather system will be as bad if not worse than that of 1982-83, the most severe on record.

A report by ED&F Man on Thursday forecast that the 1997-98 crop of the Ivory Coast, the world's biggest cocoa producer, could be reduced by up to 40 per cent if the latest El Niño lives up to current expectations.

But that fillip for cocoa futures, which first started powering higher at the end of February this year, was dented by the market taking a more considered view at the end of the week. It judged that it is premature to tell precisely what the El Niño effects might be.

On the London International Financial Futures Exchange, the December futures closed £21 down at £1,065 a tonne, having touched a seven-week peak of £1,114 in the day.

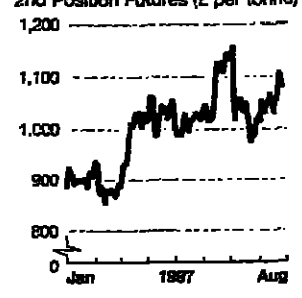
Meanwhile in New York, on the Coffee Sugar and Cocoa Exchange, midday trading saw the December contract \$25 down, at \$1,583 a tonne.

In precious metals, the London "fix" for gold moved \$2.30 higher to \$324 an ounce, but there was no feeling this marked strong renewed interest.

But silver shifted to its highest since the start of

Cocoa

2nd Position Futures (£ per tonne)



Source: Datastream/ICF

LME warehouse stocks*

	Tonnes	Change
Aluminium	676,505	+20,750
Aluminium alloy	54,440	+200
Copper	272,575	+975
Lead	118,100	-300
Nickel	58,544	+606
Zinc	381,600	+1,675
Tin	10,750	+145

*Thursday's close

July, peaking at \$4.66 an ounce against \$4.48 earlier in the day, bolstered by investment fund buyers.

On the London Metal Exchange, the long holiday weekend induced a slight torpor and there was low volume.

However, the aluminium backwardation - in which the spot price for metal is higher than that for future delivery - widened to \$70 a tonne; the three-month price closed \$18 higher at \$1,637 a tonne.

Zinc also ended firmer, \$10.50 up on the previous close, at \$1,494 a tonne; the persisting technical "squeeze" in zinc, as with aluminium, was reflected in the metal's continued strong backwardation, which by the end of business on Friday had reached \$185 a tonne.

WEEKLY PRICE CHANGES

	Latest price	Change on week	1997	1997
Gold per troy oz.	\$324.96	+0.40	\$324.96	\$319.15
Silver per troy oz.	\$292.00	+0.10	\$292.00	\$293.30
Aluminium 99.7% (cash)	\$1,065.00	-0.25	\$1,065.00	\$1,065.00
Copper Grade A (cash)	\$1,583.00	-0.25	\$1,583.00	\$1,583.00
Lead (cash)	\$512.50	-0.10	\$512.50	\$512.50
Nickel (cash)	\$585.00	+0.10	\$585.00	\$585.00
Zinc (cash)	\$1,494.00	+0.10	\$1,494.00	\$1,494.00
Cocoa Futures Sep	\$1,583.00	-0.25	\$1,583.00	\$1,583.00
Cocoa Futures Dec	\$1,583.00	-0.25	\$1,583.00	\$1,583.00
Coffee Futures Sep	\$1,494.00	-0.25	\$1,494.00	\$1,494.00
Coffee Futures Dec	\$1,494.00	-0.25	\$1,494.00	\$1,494.00
Sugar (LDP Raw)	\$282.70	-0.10	\$282.70	\$282.70
Barley Futures Sep	\$38.50	+0.10	\$38.50	\$38.50
Barley Futures Dec	\$38.50	+0.10	\$38.50	\$38.50
Wool (Glas Super)	\$429.00	-0.10	\$429.00	\$429.00
Oil (Brent Blend)	\$18.61	-0.01	\$18.61	\$18.61

Per tonne unless otherwise stated. * Pence, c. = cent, b. = bushel.

BASE METALS

LONDON METAL EXCHANGE

(Prices from Antismagmet Metal Trading)

	Sett	Day's	High	Low	Open
Aluminium 99.7% Purity (£ per tonne)	1671-3	1671-3	1671-3	1671-3	1671-3
Cash	1671-3	1671-3	1671-3	1671-3	1671-3
Close	1671-3	1671-3	1671-3	1671-3	1671-3
Previous	1671-3	1671-3	1671-3	1671-3	1671-3
High/Low	1671-3	1671-3	1671-3	1671-3	1671-3
AM Official	1671-3	1671-3	1671-3	1671-3	1671-3
Kerb close	1671-3	1671-3	1671-3	1671-3	1671-3
Open int.	266,315	266,315	266,315	266,315	266,315
Total daily turnover	137,411	137,411	137,411	137,411	137,411

ALUMINIUM ALLOY (£ per tonne)

	Sett	Day's	High	Low	Open
Close	1445-60	1445-60	1445-60	1445-60	1445-60
Previous	1445-60	1445-60	1445-60	1445-60	1445-60
High/Low	1445-60	1445-60	1445-60	1445-60	1445-60
AM Official	1445-60	1445-60	1445-60	1445-60	1445-60
Kerb close	1445-60	1445-60	1445-60	1445-60	1445-60
Open int.	5,100	5,100	5,100	5,100	5,100
Total daily turnover	995	995	995	995	995

LEAD (£ per tonne)

	Sett	Day's	High	Low	Open
Close	813-4	813-4	813-4	813-4	813-4
Previous	813-4	813-4	813-4	813-4	813-4
High/Low	813-4	813-4	813-4	813-4	813-4
AM Official	813-4	813-4	813-4	813-4	813-4
Kerb close	813-4	813-4	813-4	813-4	813-4
Open int.	34,442	34,442	34,442	34,442	34,442
Total daily turnover	7,779	7,779	7,779	7,779	7,779

NICKEL (£ per tonne)

	Sett	Day's	High	Low	Open
Close	6556-65	6556-65	6556-65	6556-65	6556-65
Previous	6556-65	6556-65	6556-65	6556-65	6556-65
High/Low	6556-65	6556-65	6556-65	6556-65	6556-65
AM Official	6556-65	6556-65	6556-65	6556-65	6556-65
Kerb close	6556-65	6556-65	6556-65	6556-65	6556-65
Open int.	54,587	54,587	54,587	54,587	54,587
Total daily turnover	18,608	18,608	18,608	18,608	18,608

TIN (£ per tonne)

	Sett	Day's	High	Low	Open
Close	5335-45	5335-45	5335-45	5335-45	5335-45
Previous	5335-45	5335-45	5335-45	5335-45	5335-45
High/Low	5335-45	5335-45	5335-45	5335-45	5335-45
AM Official	5335-45	5335-45	5335-45	5335-45	5335-45
Kerb close	5335-45	5335-45	5335-45	5335-45	5335-45
Open int.	15,905	15,905	15,905	15,905	15,905
Total daily turnover	3,332	3,332	3,332	3,332	3,332

ZINC, special high grade (£ per tonne)

	Sett	Day's	High	Low	Open
Close	1954-8	1954-8	1954-8	1954-8	1954-8
Previous	1954-8	1954-8	1954-8	1954-8	1954-8
High/Low	1954-8	1954-8	1954-8	1954-8	1954-8
AM Official	1954-8	1954-8	1954-8	1954-8	1954-8
Kerb close	1954-8	1954-8	1954-8	1954-8	1954-8
Open int.	88,053	88,053	88,053	88,053	88,053
Total daily turnover	21,629	21,629	21,629	21,629	21,629

COPPER, grade A (£ per tonne)

	Sett	Day's	High	Low	Open
Close	2172-3	2172-3	2172-3	2172-3	2172-3
Previous	2172-3	2172-3	2172-3	2172-3	2172-3
High/Low	2172-3	2172-3	2172-3	2172-3	2172-3
AM Official	2172-3	2172-3	2172-3	2172-3	2172-3
Kerb close	2172-3	2172-3	2172-3	2172-3	2172-3
Open int.	136,246	136,246	136,246	136,246	136,246
Total daily turnover	41,747	41,747	41,747	41,747	41,747

LME ALLOY 5% rate 1.5975

LME Closing 5% rate 1.6055

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Oct 1.6111 1.6055 1.6111 1.6055 1.6111

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Feb

CURRENCIES AND MONEY

D-Mark climbs

MARKETS REPORT
By Simon Kuper

The D-Mark jumped yesterday as German import prices showed unexpected signs of inflation, and the US stock market suffered yet another Friday slide.

The German currency gained 2.5 pfennigs against the dollar to close in London at DM1.817. It rose almost 70.8 against the yen to Y84.60.

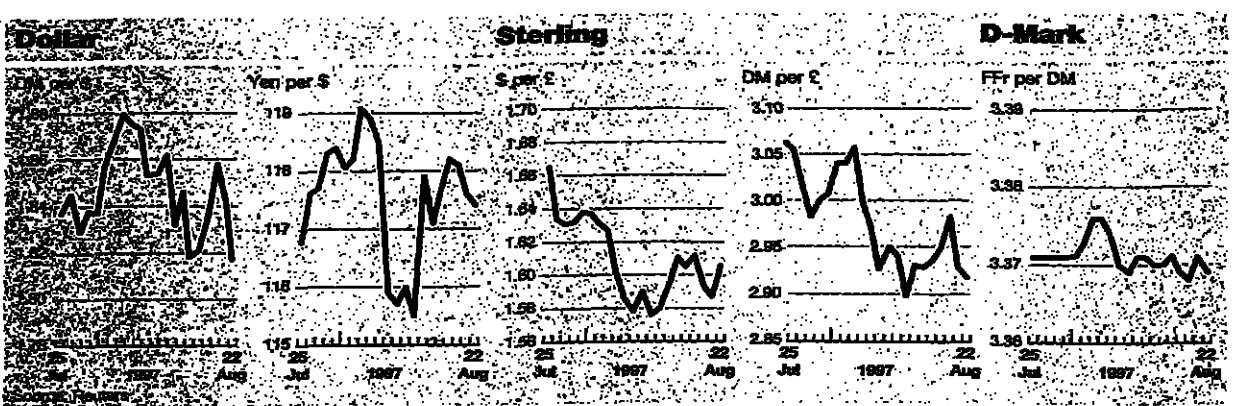
German import prices rose 4.9 per cent in the year to July, the largest increase since 1989. Consumer price figures for the German states of Bavaria and North Rhine Westphalia rose 0.1 per cent in August, whereas no change had been expected. Nick Parsons, currency strategist at Paribas Capital Markets in London, said: "We now have the fact of German inflation. The market is going to have to live with it ticking upwards every month from now until December."

Euro-mark futures contracts fell yesterday, reflecting growing prospects of German rate rises. The December 1998 contract dropped 6 basis points and is now pricing in rates of nearly 4.5 per cent, compared with today's repo rate of 3.0 per cent.

The dollar had begun falling against the D-Mark even before the German price data appeared and the US stock market opened. The average had lost a total of 555 points over the previous five Fridays, and had fallen sharply on Thursday. Adrian Schmidt, senior economist at Chase in London, said: "It's a bit of a senseless merry-go-round. Sometimes the Dow goes down because the dollar goes down, and sometimes the dollar goes down because the Dow goes down. Then the German stock market goes down, and people say it's because the D-Mark has gone up."

The pound gained 1.8 cents against the dollar to \$1.605, but fell 0.7 pence against the D-Mark to DM2.917. The dollar softened marginally against the yen to Y117.4.

The dollar is now near the bottom of its recent range against the D-Mark. Mr Parsons said the key question was whether it could hold above technical support at DM1.806, which marks its medium term uptrend. "There are stops at that level both in the spot and the futures market," he said.



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WORLD INTEREST RATES

MONEY RATES									
Aug 22	Over night	One month	Three months	Six months	One year	Long term	Dis. rate	Repo rate	
Belgium	3%	3%	3%	3%	3%	3%	3%	3%	3%
France	3%	3%	3%	3%	3%	3%	3%	3%	3%
Germany	3%	3%	3%	3%	3%	3%	3%	3%	3%
Ireland	3%	3%	3%	3%	3%	3%	3%	3%	3%
Italy	3%	3%	3%	3%	3%	3%	3%	3%	3%
Netherlands	3%	3%	3%	3%	3%	3%	3%	3%	3%
Switzerland	3%	3%	3%	3%	3%	3%	3%	3%	3%
US	3%	3%	3%	3%	3%	3%	3%	3%	3%
Japan	3%	3%	3%	3%	3%	3%	3%	3%	3%

EURO CURRENCY INTEREST RATES

Aug 22	Over night	One month	Three months	Six months	One year
Belgium Franc	3%	3%	3%	3%	3%
German Mark	3%	3%	3%	3%	3%
French Franc	3%	3%	3%	3%	3%
Portuguese Esc	3%	3%	3%	3%	3%
Spanish Peseta	3%	3%	3%	3%	3%
Swiss Franc	3%	3%	3%	3%	3%
Italian Lira	3%	3%	3%	3%	3%
Japanese Yen	3%	3%	3%	3%	3%
Asian Ring	3%	3%	3%	3%	3%

POUND SPOT FORWARD AGAINST THE POUND

Aug 22	Clearing	Change on mid-point	Settlement on day	High	Low	One month	Three months	One year	JP Morgan
Algeria	(S)	20.258	-0.0482 181	36	20.7779	20.3980	20.4714	3	
Bahamas	(BfP)	0.0003	-0.1437 019	197	0.0338	0.0036	0.0003	3	
Bahrain	(S)	1.1313	-0.0145 289	369	1.1370	1.1141	1.1086	3	
Belgium	(DfG)	0.7275	-0.0038 307	347	0.7030	0.6928	0.7021	3	
Belize	(FfP)	0.0007	-0.0273 046	19	0.0438	0.0726	0.7052	2	
Bolivia	(DfA)	4.9117	-0.0058 157	164	2.9045	2.8757	2.9076	7	
Bosnia	(DfA)	238.333	-0.578 110	358	49.6473	49.6388	49.6118	4	
Brazil	(C)	1.6905	-0.0042 894	196	1.0688	1.0584	1.09	0	
Bulgaria	(FfP)	2.9862	-0.0002 846	197	2.9862	2.9862	2.9862	3	
Canada	(LffP)	0.0003	-0.1437 019	197	0.0338	0.0036	0.0003	3	
Chad	(F)	3.2840	-0.0097 826	854	3.2982	3.2921	3.2738	3	
China	(NfG)	12.1816	-0.0089 729	902	12.2556	12.1212	12.1491	3	
Colombia	(SfP)	295.919	-0.141 746	001	295.439	295.437	295.769	3	
Costa Rica	(SfP)	0.0003	-0.0003 846	197	0.0338	0.0036	0.0003	3	
Croatia	(SfG)	1.7277	-0.0576 607	807	1.2679	1.1268	1.2432	2	
Cuba	(SfP)	2.407	-0.0005 051	082	2.4193	2.3855	2.3938	5	
Cyprus	(F)	1.4623	-0.0003 819	841	1.4884	1.4708	1.4787	2	
Czechia	(F)	1.37653							
Dominican Republic	(F)	1.804	-0.0174 037	048	1.8083	1.8050			
Dominica	(F)	1.7629	-0.0287 012	058	1.7638	1.7634			
Dominican Republic	(F)	0.2379	-0.0258 386	048	0.2379	0.2379	2.231	3	
Dominican Republic	(NfP)	12.5005	-0.1979 923	054	12.5552	12.5503			
Dominican Republic	(F)	1.8002	-0.0178 047	057	1.8034	1.8035	1.8031	1	
Ecuador	(F)	2.4435	-0.0225 445	487	2.4544	2.4190	2.4129	2	
Egypt	(F)	3.9339	-0.1129 385	355	12.1518	12.1786	12.4369	2	
El Salvador	(F)	5.0002	-0.2838 818	596	5.0303	5.0283	5.0254	4	
Emirate of Arab	(F)	5.8917	-0.0005 822	712	5.8947	5.8946			
Egypt	(F)	1.4831	-0.12 312	300	1.88770	1.85370	1.87 451	3	
Egypt	(F)	0.9935	-0.0003 846	197	0.9935	0.9935	0.9758	1	
Egypt	(F)	0.0007	-0.0003 846	197	0.0007	0.0007	0.0007	1	
Egypt	(F)	0.0007	-0.0003 846	197	0.0007	0.0007	0.0007	1	
Egypt	(F)	0.0007	-0.0003 846	197	0.0007	0.0007	0.0007	1	
Egypt	(F)	0.0007	-0.0003 846	197	0.0007	0.0007	0.0007	1	
Egypt	(F)	0.0007	-0.0003 846	197	0.0007	0.0007	0.0007	1	
Egypt	(F)	0.0007	-0.0003 846	197	0.0007	0.0007	0.0007	1	
Egypt	(F)	0.0007	-0.0003 846	197	0.0007	0.0007	0.0007	1	
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Egypt	(F)	0.0007	-0.0003 846	197	0.0007	0.0007	0.0007	1	
Egypt	(F)	0.0007	-0.0003 846	197	0.0007	0.0007	0.0007	1	
Egypt	(F)	0.0007	-0.0003 846	197	0.0007	0.0007	0.0007	1	
Egypt	(F)	0.0007	-0.0003 846	197	0.0007	0.0007	0.0007	1	
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Egypt	(F)	0.0007	-0.0003 846	197	0.0007	0.0007	0.0007	1	
Egypt	(F)	0.0007	-0.0003 846	197	0.0007	0.0007	0.0007	1	
Egypt	(F)	0.0007	-0.0003 846	197	0.0007	0.0007	0.0007	1	
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Egypt	(F)	0.0007	-0.0003 846	197	0.0007	0.0007	0.0007	1	
Egypt	(F)	0.0007	-0.0003 846	197	0.0007	0.0007	0.0007	1	
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Egypt	(F)	0.0007	-0.0003 846	197	0.0007	0.0007	0.0007	1	
Egypt	(F)	0.0007	-0.0003 846	197	0.0007	0.0007	0.0007	1	
Egypt	(F)	0.0007	-0.0003 846	197	0.0007	0.0007	0.0007	1	
Egypt	(F)	0.0007	-0.0003 846	197	0.0007	0.0007	0.0007	1	
Egypt	(F)	0.0007	-0.0003 846	197	0.0007	0.0007	0.0007	1	
Egypt	(F)	0.0007	-0.0003 846	197	0.0007	0.0007	0.0007	1	
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Egypt	(F)	0.0007	-0.0003 846	197	0.0007	0.0007	0.0007	1	
Egypt	(F)	0.0007	-0.0003 846	197	0.0007	0.0007	0.0007	1	
Egypt	(F)	0.0007	-0.0003 846	197	0.0007	0.0007	0.0007	1	
Egypt	(F)	0.0007	-0.0003 846	197	0.0007	0.0007	0.0007	1	
Egypt	(F)	0.0007	-0.0003 846	197	0.0007	0.0007	0.0007	1	
Egypt	(F)	0.0007	-0.0003 846	197	0.0007	0.0007	0.0007	1	
Egypt	(F)	0.0007	-0.0003 846	197	0.0007	0.0007	0.0007	1	
Egypt	(F)	0.00							

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Aug 22	Clearing	Change	Settlement	High	Low	One month	Three months	One year	JP Morgan
Aug 22	1.605	-0.002	1.603	1.605	1.603	1.605	1.603	1.605	1.603
Aug 23	1.605	-0.002	1.603	1.605	1.603	1.605	1.603	1.605	1.603
Aug 24	1.605	-0.002	1.603	1.605	1.603	1.605	1.603	1.605	1.603

EUROPEAN CURRENCY UNIT RATES

Aug 22	Clearing	Change	Settlement	High	Low	One month	Three months	One year	JP Morgan
Aug 22	1.605	-0.002	1.603	1.605	1.603	1.605	1.603	1.605	1.603
Aug 23	1.605	-0.002	1.603	1.605	1.603	1.605	1.603	1.605	1.603
Aug 24	1.605	-0.002	1.603	1.605	1.603	1.605	1.603	1.605	1.603

CROSS RATES AND DERIVATIVES

Aug 22	Clearing	Change	Settlement	High	Low	One month	Three months	One year	JP Morgan
Aug 22	1.605	-0.002	1.603	1.605	1.603	1.605	1.603	1.605	1.603
Aug 23	1.605	-0.002	1.603	1.605	1.603	1.605	1.603	1.605	1.603
Aug 24	1.605	-0.002	1.603	1.605	1.603	1.605	1.603	1.605	1.603

EUROPEAN CURRENCY UNIT RATES

Aug 22	Clearing	Change	Settlement	High	Low	One month	Three months	One year	JP Morgan
Aug 22	1.605	-0.002	1.603	1.605	1.603	1.605	1.603	1.605	1.603
Aug 23	1.605	-0.002	1.603	1.605	1.603	1.605	1.603	1.605	1.603
Aug 24	1.605	-0.002	1.603	1.605	1.603	1.605	1.603	1.605	1.603

EUROPEAN CURRENCY UNIT RATES

Aug 22	Clearing	Change	Settlement	High	Low	One month	Three months	One year	JP Morgan
Aug 22	1.605	-0.002	1.603	1.605	1.603	1.605	1.603	1.605	1.603
Aug 23	1.605	-0.002	1.603	1.605	1.603	1.605	1.603	1.605	1.603
Aug 24	1.605	-0.002	1.603	1.605	1.603	1.605	1.603	1.605	1.603

UK INTEREST RATES

Aug 22	Over night	One month	Three months	Six months	One year
Aug 22	3%	3%	3%	3%	3%
Aug 23	3%	3%	3%	3%	3%
Aug 24	3%	3%	3%	3%	3%

THREE MONTH STERLING FUTURES (LIFE) £500,000 points of 100%

Aug 22	Open	Sett	Change	High	Low	Est. vol	Open Int.
Aug 22	92.70	92.70	-0.01	92.72	92.67	11782	10860
Aug 23	92.70	92.70	-0.01	92.72	92.67	11782	10860
Aug 24	92.70	92.70	-0.01	92.72	92.67	11782	10860

BASE LENDING RATES

Aug 22	Over night	One month	Three months	Six months	One year
Aug 22	3%	3%	3%	3%	3%
Aug 23	3%	3%	3%	3%	3%
Aug 24	3%	3%	3%	3%	3%

UK CREDIT BANK BASE LENDING RATE 7 PER CENT FROM AUG 7, 1997

Aug 22	Over night	One month	Three months	Six months	One year
Aug 22	3%	3%	3%	3%	3%
Aug 23	3%	3%	3%	3%	3%
Aug 24	3%	3%	3%	3%	3%

THREE MONTH STERLING FUTURES (LIFE) £500,000 points of 100%

Aug 22	Open	Sett	Change	High	Low	Est. vol	Open Int.
Aug 22	92.70	92.70	-0.01	92.72	92.67	11782	10860
Aug 23	92.70	92.70	-0.01	92.72	92.67	11782	10860
Aug 24	92.70	92.70	-0.01	92.72	92.67	11782	10860

BASE LENDING RATES

Aug 22	Over night	One month	Three months	Six months	One year
Aug 22	3%	3%	3%	3%	3%
Aug 23	3%	3%	3%	3%	3%
Aug 24	3%	3%	3%	3%	3%

UK CREDIT BANK BASE LENDING RATE 7 PER CENT FROM AUG 7, 1997

Aug 22	Over night	One month	Three months	Six months	One year
Aug 22	3%	3%	3%	3%	3%
Aug 23	3%	3%	3%	3%	3%
Aug 24	3%	3%	3%	3%	3%

THREE MONTH STERLING FUTURES (LIFE) £500,000 points of 100%

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Aug 24	92.70	92.70	-0.01	92.72	92.67	11782	10860

BASE LENDING RATES

Aug 22	Over night	One month	Three months	Six months	One year
Aug 22	3%	3%	3%	3%	3%
Aug 23	3%	3%	3%	3%	3%
Aug 24	3%	3%	3%	3%	3%

THREE MONTH EURO DOLLAR FUTURES (LIFE) DM1m points of 100%

Aug 22	Open	Sett	Change	High	Low	Est. vol	Open Int.
Aug 22	96.51	96.51	-0.01	96.52	96.49	15,384	64,618
Aug 23	96.51	96.51	-0.01	96.52	96.49	15,384	64,618
Aug 24	96.51	96.51	-0.01	96.52	96.49	15,384	64,618

THREE MONTH EURO DOLLAR FUTURES (LIFE) DM1m points of 100%

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THREE MONTH STERLING FUTURES (LIFE) £500,000 points of 100%

Aug 22	Open	Sett	Change	High	Low	Est. vol	Open Int.
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BASE LENDING RATES

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UNIT TRUSTS

WINNERS AND LOSERS

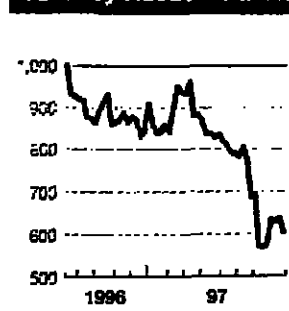
TOP FIVE OVER 1 YEAR

HSBC Hong Kong Growth	1,751
Investco Hong Kong & China	1,732
Govett Greater China	1,606
Henry Cooke Eastern Enterprise	1,559
Gartmore Hong Kong	1,471

BOTTOM FIVE OVER 1 YEAR

Old Mutual Thailand Acc	412
Save & Prosper Gold & Ex	520
Waverley Australasian Gold	604
Schroder Japan Small Cos Acc	624
F&G Japanese Smaller Cos	632

Waverley Australasia Gold



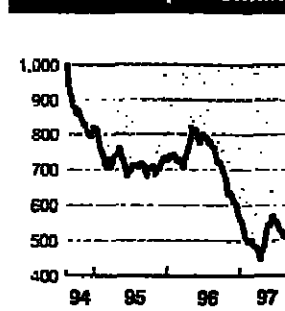
TOP FIVE OVER 3 YEARS

Proffitt Technology	2,599
Hill Samuel US Smaller Cos	2,578
PM North America Growth	2,445
HSBC Hong Kong Growth	2,349
Franklin Health	2,276

BOTTOM FIVE OVER 3 YEARS

Old Mutual Thailand Acc	357
Five Arrows Japan Smaller Cos	480
Schroder Japan Small Cos Acc	508
Fidelity Japan Smaller Cos	511
Govett Japan Strategy	511

Schroder Japan Small



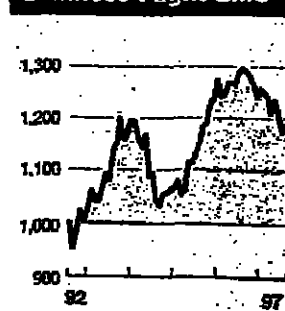
TOP FIVE OVER 5 YEARS

HSBC Hong Kong Growth	5,087
Proffitt Technology	4,813
Gartmore American Emer Gth	4,406
PM North America Growth	4,277
Hill Samuel US Smaller Cos	4,127

BOTTOM FIVE OVER 5 YEARS

Save & Prosper Korea	878
Govett Japan Strategy	1,065
Govett FOF Cash	1,156
Guinness Flight EMU	1,189
Morgan Grenfell Deposit Acc	1,199

Guinness Flight EMU



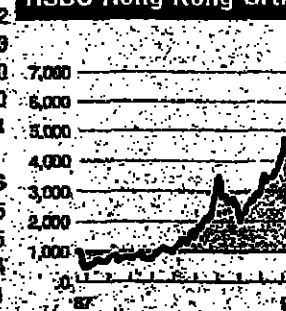
TOP FIVE OVER 10 YEARS

HSBC Hong Kong Growth	6,322
Hill Samuel US Smaller Cos	6,369
F&G US Small Companies	6,050
Gartmore Hong Kong	5,940
Franklin Health	5,201

BOTTOM FIVE OVER 10 YEARS

Waverley Australasian Gold	305
Barclays UK Japan Inc	556
Save & Prosper Gold & Ex	594
M&G Japan & Global Act	711
Henderson Japan Smaller Cos	725

HSBC Hong Kong Gth



Tables show the result of investing £1,000 over different time periods. Trusts are ranked on 3-year performance. Warning: past performance is not a guide to future performance. Source: Reuters Hindsight (01625 511311)

Indices

	1 year	3	5	10	Volatility	Yield%
Average Unit Trust	1061	1303	2171	2240	3.1	2.5
Average Investment Trust	1135	1250	2356	2431	4.4	5.0
Bank	1034	1112	2202	1825	0.0	4.9
Building Society	1032	1112	1929	1831	0.0	4.7
Stockmarket: FTSE All-Share	1246	1615	2449	2926	2.4	3.4
Inflation	1033	1094	1135	1543	0.4	-

UK Growth

	1 year	3	5	10	Volatility	Yield%
Johnson Fry Slater Growth	1220	1915	2641	-	3.4	0.9
Jupiter UK Growth	1077	1754	3005	-	2.9	1.9
Perpetual UK Exempt	1197	1730	3242	-	2.4	2.5
Barclays UK Special Sits	1193	1671	2852	2016	2.8	1.6
Standard Life UK Eq Growth Acc	1147	1670	2462	3172	2.8	1.6
SECTOR AVERAGE	1123	1427	2224	2077	2.7	1.8

UK Growth & Income

	1 year	3	5	10	Volatility	Yield%
Fleming Select UK Income	1284	1655	2621	2404	2.5	3.6
Perpetual Income	1191	1632	2840	2820	2.3	2.7
Fidelity Moneybuilder Growth	1172	1600	-	-	2.3	2.1
Lazard UK Income & Growth	1175	1600	2302	2561	2.6	3.2
HSBC Footsie Fund	1295	1599	-	-	2.7	2.4
SECTOR AVERAGE	1157	1434	2146	2311	2.6	2.6

UK Smaller Companies

	1 year	3	5	10	Volatility	Yield%
Gartmore UK Smaller Companies	1103	1778	2962	1829	3.5	0.5
Laurence Keen Smaller Cos	1106	1773	-	-	3.0	1.2
INVESTCO UK Smaller Companies	1040	1674	2983	1714	3.9	1.5
AES Smaller Companies	998	1648	2422	-	3.0	0.9
Britannia Smaller Co's Acc	1081	1608	3110	1966	3.1	0.5
SECTOR AVERAGE	980	1271	2158	1544	3.0	1.7

UK Equity Income

	1 year	3	5	10	Volatility	Yield%
Jupiter Income	1147	1813	3445	-	2.6	4.0
Lazard UK Income	1170	1618	2479	3025	2.4	4.1
Britannia High Yield Inc	1165	1604	2652	2950	2.4	4.0
BVLD UK Equity Income	1219	1567	2548	2278	2.6	3.8
Mercury Income	1184	1545	2398	2508	2.8	3.8
SECTOR AVERAGE	1144	1385	2189	2275	2.5	4.3

UK Equity & Bond Income

	1 year	3	5	10	Volatility	Yield%
Proffitt Extra Income	1117	1473	2207	2182	2.2	4.2
CIS UK Income	1167	1395	2063	-	2.2	3.9
Edinburgh High Distribution	1128	1391	2042	1803	2.5	3.9
Midland Monthly Income	1177	1387	-	-	2.0	4.3
CU PPT High Yield	1140	1381	2063	2301	2.6	5.7
SECTOR AVERAGE	1112	1298	1959	1951	2.1	5.3

UK Eq & Bd

	1 year	3	5	10	Volatility	Yield%
BVLD Balanced Portfolio	1193	1591	2599	-	2.9	1.6
Perpetual High Income	1181	1559	2705	-	2.0	3.1
Carlife Income Dis	1172	1472	2129	2179	2.0	3.2
Credit Suisse High Income Port	1110	1455	2371	-	2.3	4.2
NPI UK Extra Income Inc	1076	1416	2280	-	2.2	3.6
SECTOR AVERAGE	1129	1384	2174	2198	2.2	3.0

UK Fixed Interest

	1 year	3	5	10	Volatility	Yield%
M&G Corporate Bond	1154	1393	-	-	1.8	6.6
Aberdeen Fixed Interest	1102	1335	2250	2520	1.4	8.4
Henderson Preference & Bond	1112	1337	1815	1945	1.3	8.0
Proffitt Prol & Fixed Interest	1108	1328	1804	-	1.6	6.4
Britannia Gilt & Fixed Int Inc	1076	1321	1381	-	1.5	7.7
SECTOR AVERAGE	1072	1263	1656	2043	1.7	6.6

UK Gilt

	1 year	3	5	10	Volatility	Yield%
M&G Gilt & Fixed Interest	1136	1341	1464	2082	1.8	6.2
Gartmore PS Fixed Interest	1112	1311	1468	-	1.7	6.8
Murray Acumen Reserve	1088	1294	1456	-	1.4	6.7
Mercury Long-Dated Bond	1108	1274	-	-	2.1	5.4
Schroder Gilt & Fixed Int Acc	1084	1268	1411	-	1.8	7.3
SECTOR AVERAGE	1067	1207	1377	2042	1.5	5.8

International Equity Income

	1 year	3	5	10	Volatility	Yield%
GT International Income Inc	1136	1458	2278	2696	2.4	2.0
Martin Currie Int'l Income	1159	1402	2267	-	2.5	3.2
Premier Dolphin Int'l Gth & Inc	1078	1350	2054	1368	2.6	1.3
Mayflower Global Income	1110	1347	2157	2071	2.3	3.2
M&G International Income	1126	1327	2216	2540	2.3	3.9
SECTOR AVERAGE	1122	1338	2198	2091	2.4	2.8

International Fixed Interest

	1 year	3	5	10	Volatility	Yield%
Baring Global Bond	1015	1288	1642	-	1.5	6.2
Old Mutual Worldwide Bond Inc	988	1239	1489	-	1.7	4.6
Barclays UK European Bond Inc	1036	1229	-	-	1.0	5.7
Newtown International Bond	1019	1219	1568	-	2.2	5.4
TSB International Income Inc	976	1172	1487	-	1.5	4.3
SECTOR AVERAGE	1047	1110	1368	1729	1.8	5.0

International Equity & Bond

	1 year	3	5	10	Volatility	Yield%
Bank of Ireland Ex Mgd Growth	1127	1472	2144	-	2.0	2.3
Capel-Cure Hallmark Growth	1205	1417	1951	2173	2.3	1.5
Fleming General Opportunities	1178	1408	1962	-	2.2	3.1
Baillie Gifford Managed	1144	1402	2074	2448	2.3	2.4
Cazenove Portfolio	1073	1385	2181	-	1.8	2.1
SECTOR AVERAGE	1100	1293	1885	2208	2.1	2.4

International

	1 year	3	5	10	Volatility	Yield%
Proffitt Technology	1174	2589	4813	6063	8.7	-
Franklin Health	1033	2276	2938	6201	6.9	-
Save & Prosper Financial Secs	1301	1953	3548	3371	3.0	1.3
Henderson Global Technology	1083	1733	3389	4087	6.7	-
Franklin Financial	1280	1784	3380	4026	2.8	0.9
SECTOR AVERAGE	1120	1304	2289	2252	3.3	0.9

Nth America

	1 year	3	5	10	Volatility	Yield%
Hill Samuel US Smaller Co's	1131	2578	4127	6393	5.2	-
PM North America Growth	1311	2445	4277	4485	4.5	0.1
Fidelity American Spec Sits	1311	2201	3267	3907	5.2	-
Edinburgh North American	1249	2150	3793	3749	3.6	0.5
Royal Life United States	1300	2100	3821	3871	3.8	0.2
SECTOR AVERAGE	1202	1756	2812	3082	4.1	0.5

Europe

	1 year	3	5	10	Volatility	Yield%
Jupiter European	1182	1975	3496	4689	3.0	0.2
Baring Europe Select	1158	1873	3281	2945	3.5	0.8
Allied Dunbar European Growth	1230	1853	3204	2951	3.7	0.1
Friends Prov European Gth	1243	1844	3080	-	2.6	-
INVESTCO European Growth	1198	1797	3452	3138	3.6	-
SECTOR AVERAGE	1185	1489	2503	2695	3.0	0.7

Japan

	1 year	3	5	10	Volatility	Yield%
Martin Currie Japan	966	956	2282	-	5.4	-
GT Japan Growth	954	957	2014	1477	3.5	-
Newton Japan	1002	917	1931	1213	4.9	-
Baillie Gifford Japan	986	917	1787	1340	5.2	-
Hill Samuel Japan Technology	916	916	2241	1646	5.8	-
SECTOR AVERAGE	824	724	1819	1128	5.2	0.2

Far East inc Japan

	1 year	3	5	10	Volatility	Yield%
Govett Greater China	1806	1600	3857	3926	4.8	-
Thornhill Oriental Income Inc	1116	1095	2063	1991	3.6	3.3
Schroder Far East Growth Inc	994	1058	2840	-	4.4	-
United Friendly Far Eastern	1003	1035	2096	-	3.7	0.8
SECTOR AVERAGE	961	937	2166	1956	4.2	0.5

Far East exc Japan

	1 year	3	5	10	Volatility	Yield%
HSBC Hong Kong Growth	1781	2349	5097	6622	6.4	0.1
INVESTCO Hong Kong & China	1732	1925	3890	4177	6.4	0.2
Old Mutual Hong Kong	1397	1674	3573	4780	6.5	0.5
Gartmore Hong Kong	1471	1671	3567	5940	6.0	0.7
Henry Cooke Eastern Enterprise	1559	1592	-	-	5.4	-
SECTOR AVERAGE	1009	1046	2485	3168	5.2	0.6

Best Peps

	1 year	3	5	10	Volatility	Yield%
Jupiter European	1132	1915	2641	-	3.0	0.2
Save & Prosper Financial Secs	1301	1953	3548	3371	3.0	1.3
Johnson Fry Slater Growth	1220	1915	2641	-	3.4	0.9
Allied Dunbar European Growth	1230	1853	3204	2951	3.7	0.1
Friends Prov European Gth	1243	1844	3080	-	2.6	-
AVERAGE UT PEP	1112	1298	1959	1951	2.1	5.3

Property

	1 year	3	5	10	Volatility	Yield%
Aberdeen Property Share	1182	1214	2599	-	3.0	1.6
Barclays UK Property	1045	1128	1816	-	0.9	5.5
Norwich Property	1069	1091	1514	-	1.1	5.6
SECTOR AVERAGE	1079	1145	1810	-	1.7	4.5

Commodity & Energy

Commodity & Energy						
2	M&G Australasian & General Acc	1078	1347	2577	1340	4.6
3	M&G Commodity & General	963	1166	2334	1722	4.6
	Save & Prosper Commodity	899	1019	2024	1592	5.6
	Hill Samuel Natural Resources	844	-982	1670	1266	4.6
	Allied Dunbar Metals Min Comm	861	948	1448	1120	4.6
	SECTOR AVERAGE	769	912	2171	1156	6.0

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 171) 873 4378 for more details.

	Yield Gr's	Init. Status Change	Selling Price	Buying Price	+ or -	Yield Gr's		Init. Status Change	Selling Price	Buying Price	+ or -	Yield Gr's
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Int Rate	Settling	Buying	+ or -	Yield	Int Rate	Settling	Buying	+ or -	Yield	Int Rate	Settling	Buying	+ or -	Yield
Charge	Price	Price	-	6 1/2%	Charge	Price	Price	-	6 1/2%	Charge	Price	Price	-	6 1/2%

Selling price: Also called bid price, the price at which units are sold back by investors.

Treatment of manager's periodic charges: The letter C denotes that the trust accounts for the management fees and charges from capital, causing the manager to file details of the effect of the course of

Exit charges: The letter E denotes that exit charges may be made when you sell your investment.

Times: The time shown alongside the fund manager's name is a time of the last trust unit to be sold. The times are not necessarily indicated by the trust name.

Individual unit numbers: (A) - 1001 to 1009 units; (B) - 1101 to 1400 units; (C) - 1401 to 1700 units; (D) - 1701 to 2000 units.

Units: The Daily Investor's Guide is based on the valuation point, a short

Forward pricing: The letter F denotes that the managers deal at the price to be set on the day of the purchase. This means that you can fix the price in advance of the purchase or at the time of the purchase. The pricing in the newspaper are the most recent provided by the managers.

Subscriptions and Reports: The most recent report and scheme particulars can be obtained free of charge from fund

Other explanatory notes: are contained in the last column of the FT Manager Funds

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Tel: 0771-555-0000.

Notes: The information published in this edition are also available at the Financial Times

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مَكْذُوبٌ مِنَ الْأَهْلِ

MANAGEMENT SERVICES

Hartshillster Financial Services(Pty) Ltd

■ NOTES
 Gross: Contractual rate of interest payable, not taking account of the deduction of basic rate income tax.
 Net: Rate of interest payable after allowing for deduction of basic rate income tax.
 Gross GARS: Gross rate annualised to take account of compounding of interest paid other than once a year, 'Compounded Annual Rate'.
 Cr: Frequency at which interest is credited to the account.

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The Financial Times plans to publish a Survey on

**Asian
Infrastructure**

on Tuesday, September 23

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or your usual Financial Times representative
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Amsterdam and Zurich each tumble 3.4%

COMPANIES AND FINANCE - THE BT/MCI DEAL

The best partner to face competition in Concert Changes

Alan Cane on the factors that brought MCI back to the negotiating table to rescue the deal

For one ecstatic shareholder yesterday, British Telecommunications, and in particular its chief executive Sir Peter Bonfield, could do no wrong: "They were not intimidated! They were not bullied! They have managed to come out winners from a very difficult situation."

Hyperbole, perhaps, but on the face of things BT's achievement in persuading MCI to accept new merger terms, valuing the US company at only about 85 per cent of the purchase price struck last November, is surprising and remarkable.

It is unusual for the terms of any merger to be renegotiated. Furthermore, MCI has a fearsome enthusiasm for litigation and US investors, in particular, suspected that BT's management did not have the resolve to face down the US company.

Merger negotiations between the two companies had been proceeding apparently uneventfully when MCI warned last month that it faced substantially higher than expected expenses in breaking into US local markets. It said it would cost an extra \$900m this financial year and a greater sum next. It complained that local telephone companies, the "Baby Bells", were obstructing its attempts to compete in local markets and that the US regulator, the Federal Communications Commission, did not have sufficient powers to force them to toe the line.

Tim Price, MCI's chief operating officer said yesterday: "We anticipated they would do everything in their power to obstruct new competitors and they exceeded our expectations."

The warning had the effect of persuading Reed Hundt, the FCC's outgoing chairman, to moot the formation of a Task Force to monitor the behaviour of the Baby Bells and ensure fair competition. A system of fines has been proposed for local operators which continue to obstruct competition.

It also galvanised BT into instituting a broad-ranging review of MCI's performance and plans, and BT's institutional shareholders into demanding renegotiation of the terms of the takeover. Furthermore, it seems that BT's directors believed the deal could not go through as originally planned. They put pressure on the top management to secure new terms.

Contractually, however, it was clear that renegotiation was not possible without the agreement of both sides - and MCI contended that renegotiation was not an option. Since the beginning of the month, however, the two sides have been discussing new terms, leading to yesterday's announcement.

What brought MCI back to the negotiating table? First, an awareness that it needs a substantial international partner if it is to compete effectively in world markets. The old correspondent system, where international

carriers operate a cartel, paying each other agreed sums to deliver calls abroad, is breaking down rapidly. Competition is taking its place and no individual telecoms operator can hope to compete on its own.

Second, a conviction that BT is the best partner available. The UK company already has a 30 per cent in MCI and the two companies have for three years jointly operated Concert Communications Services, the recognised leader among global supercarriers. Telefonica of Spain and Portugal Telecom are also members of the Concert alliance.

The UK company, furthermore, has a well developed strategy in place in Europe ready for the opening of Europe's markets to full competition after January 1, 1998.

Faced with BT's appeals for renegotiation, MCI had to consider whether other potential partner could be persuaded to pay the same amount, or more, for the company.

Third, while the companies and their advisers played down suggestions of confrontation, at the end of the day there were only two real options: to renegotiate or to abandon the merger. If either side had walked away from the deal it would have initiated an avalanche of lawsuits: "a nuclear winter of litigation" lasting three years or more, as one adviser described it.

Yesterday, both sides were



playing down confrontation and emphasising partnership. Sir Iain Vallance, BT's chairman, said yesterday: "This has been a tough time for both executive teams, but the results are a reflection of our professional relationship, built up over our

four years of partnership. We have maintained our momentum and will launch Concert (the name of the merged company) around the end of 1997."

Sir Peter Bonfield said yesterday that the logic underpinning the merger was as

compelling today as when it was first announced. BT is, however, paying a lower entrance fee to take part in a higher risk game.

He and Mr Price stressed that Concert's immediate aim would be to broach the \$100bn US local market,

seeking those areas where liberalisation had already begun to take hold, and using BT's intimate knowledge of local market technology and procedures to cut costs and gain competitive advantages.

The window of opportunity, however, is narrow. Local US operators are hungry to get into the long distance business. The growth of competition in both local and long distance segments will see profits shrink and margins narrow.

But the US local market is only one element of Concert's potential. There is still business to be won from international customers demanding global solutions to their telecoms needs. Sir Peter said yesterday that he would shortly be announcing new Concert customers which have placed contracts worth some \$100m with the company. Patently, Concert will have to strike a balance between its US, UK and international business.

The trauma of the past few weeks will have opened more than a few BT and MCI shareholders' eyes to the risks and rewards of the evolving telecoms business. The new deal has to be approved by both sets.

Will BT's investors be satisfied that it has instituted the kind of management controls which will make a similar review of MCI's activities unnecessary in the future? And will MCI's shareholders, some of whom are angry and in a litigious state of mind after yesterday's events, be prepared to settle for a smaller slice of a larger cake? The BT/MCI saga is by no means over.

mean a 15% cut

By Clay Harris

Under British Telecommunications' revised offer, MCI Communications shareholders stand to receive fewer shares but a little more cash. They will not receive BT's interim and final dividends for this year.

The changes add up to a 15 per cent cut in the value MCI investors were expecting only a few days ago.

Because the value of the new offer reflects the last two days' jump in BT's share price, it cannot be directly compared to the old one. The latter effectively ceased to apply late on Wednesday, when the companies announced that new terms were being discussed.

Earlier that day, when many in the market still believed the merger would proceed unaltered, the offer of 5.4 Concert shares plus \$6 in cash valued each MCI share at \$39.

BT is offering 3.75 Concert shares - or 0.375 of an American Depositary Share - plus \$7.75 for each MCI share. MCI shareholders' ineligibility for the dividends means that 18p should be lopped off the value of each BT share when considering the bid's value. This reduces it by more than \$1 per MCI share.

With BT shares closing 23 1/2p higher at 436p, the new terms yesterday valued each MCI share at \$33. The offer values MCI at \$23.7bn, or \$19.2bn for the 81.3 per cent BT does not already own. Share options could add another \$2.6bn.



'Insulted' US investors fire off barrage of complaints

By Tracy Corrigan in New York

Tim Price, MCI's president and chief operating officer, yesterday told reporters in London that his shareholders were "excited" and "anxiously and eagerly awaiting" the completion of MCI's merger with British Telecommunications.

But on Wall Street, the only excitement evident among MCI investors was their anger at the revision

of the terms of the deal. "It's an insult," said one MCI shareholder, who added that he would have found a 10 per cent cut in the price just about bearable, but considered 15 per cent excessive.

"They keep talking about a win-win situation, but in reality it's a wash" for MCI shareholders, said one investor. The fact that, under the revised terms, MCI shareholders would not be paid any dividends until 1998, further reducing the value to

them of the transaction by an estimated \$1 a share, "added insult to injury".

Many MCI investors said that they were unhappy with the way the companies had managed the review process, which started last month. Until earlier this week, when the companies announced that the "economic terms" of the transaction were being renegotiated, most US investors thought the deal would go through without any price reduction.

"I have a number of questions that remain unanswered," said one investor. He was keen to discover whether MCI had started discussing a price cut before its filing to the Securities and Exchange Commission last week, which made no mention of the possibility of changes to the original merger contract. He thought there might be shareholder lawsuits against MCI for its handling of the affair.

Noting the lack of change

to MCI's fundamental strategy of expansion into the local phone market, one shareholder questioned the grounds for the renegotiation. "There was no material adverse change to the business. Nothing happened to MCI that hasn't affected every other US telephone operator", he said.

US telecoms analysts said the outcome showed the strength of BT's negotiating position, but also demonstrated that BT had entered

the original agreement without a real understanding of the "dynamic of the US market". One analyst said: "It's a bigger discount than we thought. It shows that BT really held all the cards."

The disappointing performance of MCI's core long-distance business this year was only "a small element in the renegotiation - it isn't the cash-cow they thought it was", said one analyst, who believed that the worsening outlook for the local busi-

ness since the merger was announced accounted for "probably around 90 per cent of the price adjustment".

Despite all the outrage, there was no expectation among MCI shareholders that the new terms would be voted down. One investor said he might vote against the deal "as a protest" but expected that most MCI shareholders would support it because there was no better option than a takeover by BT available.

Cho Hung provides fresh funds for Haitai

By John Burton in Seoul

Haitai yesterday became the latest South Korean conglomerate to teeter on the brink of bankruptcy.

Cho Hung Bank, the confectionery group's main creditor, agreed to provide Won15.2bn (\$18.9m) in emergency funds on top of Won20bn forwarded on Thursday to prevent the collapse of the country's 24th largest business group.

Haitai is the fifth leading Korean conglomerate to suffer severe financial problems this year. The Hanbo and Sammi steel groups collapsed, while Kia, the carmaker, and Jinro, the drinks group, have been placed under temporary bankruptcy protection.

Haitai's troubles renewed fears of turmoil on domestic financial markets. The won fell to a seven-year low against the dollar on worries that the corporate financial problems would make it difficult to borrow funds overseas.

The credit crunch at Haitai came after domestic investment banks, which specialise in short-term lending, decided to call in a large amount of promissory notes. At least 50 per cent of Haitai's total debt of Won3,000bn is estimated to be short-term loans.

The banks yesterday agreed to give Haitai an extension to pay back maturing corporate bills totalling Won90bn.

Investment banks and other secondary creditors have recently adopted tough lending policies to risky businesses because most of their loans are uncollateralised, unlike those from commercial banks.

Haitai has built up a high debt burden of nearly seven times equity because of an expansion into audio electronics and retail stores, both of which are performing poorly because of South Korea's sluggish economy.

Haitai yesterday promised to restructure its operations, including selling property assets and consolidating its 15 subsidiaries.

Indian paint setback for ICI

By Amy Louise Kazmin in New Delhi and Roger Taylor in London

Imperial Chemical Industries has received a sharp rebuff to its plans to be the leading paint company in India.

Asian Paints, the market leader with about a third of India's \$857m paint market, yesterday issued a statement rejecting attempts by the UK chemicals giant to buy a 9.1 per cent stake.

Ashwin Choksi, the company's newly elected chairman and managing director, called the bid illegal and "an attempt by a multinational rival to acquire a foothold in the company". He said the

board of directors was committed to continuing with the existing management, and that the investment by ICI "will not be welcome".

ICI announced on Monday that it had agreed to buy the stake for \$28m (\$37.5m) from Kotak Mahindra Capital, a Bombay brokerage, which purchased the shares from Atul Choksey, former managing director, and his family. Mr Choksey and the other promoters of Asian Paints, all descendants of the company founders, have disagreed over the appropriate strategy for the group.

As foreign direct investment into an existing Indian company, ICI's purchase

must be approved by India's Foreign Investment Promotion Board. Analysts expect Asian Paints directors to try to scuttle the share transfer through legal action and lobbying the FIPB. The fate of the deal is likely to be watched closely by other foreign firms seeking to buy stakes in Indian companies.

ICI was making no comment yesterday after saying earlier in the week that it hoped to soon start talks with Asian Paints over possible collaboration.

ICI is the world largest paint company and has made clear its plans to become market leader in India. However, its products

are currently distributed by ICI India, a 51 per cent owned subsidiary, which has 3,000 outlets compared with Asian Paints 12,000. ICI has said it intends to dispose of its regional businesses, including ICI India, as part of a restructuring.

ICI's shares closed down 31 1/2p at £10.08p yesterday, after Dresdner Kleinwort Benson, the stockbroker, issued a sell recommendation warning that ICI had yet to prove its strategy would work.

Asian Paints share price, which had risen sharply after the ICI purchase was announced, fell back Rs3.25 to Rs312.5.

Monument steps up exploration

By Roger Taylor

Monument Oil & Gas, the independent oil exploration and production company, is stepping up its exploration programme.

It plans to drill new wells in Algeria and Pakistan and to begin preparations for new drilling in Turkmenistan, to be funded by revenues from its Liverpool Bay field.

The news came as the company announced interim results towards the lower end of market expectations, as a result of higher interest charges and operating costs.

After tax profits were up 16 per cent at £7.93m (£8.32m) for the half-year to June 30.

Production was in line with expectations, averaging 8,500 barrels of oil and 85m cu ft of gas a day, most of which came from Liverpool Bay. Liz Airey, finance direc-

tor, said the field was approaching its target level of 70,000 barrels a day, producing 50,000 barrels a day by the end of June.

Analysts said operating costs were slightly higher than expected, but production levels would be able to exceed the target once further investment had been made.

The Liverpool Bay production lifted turnover to £42.7m (£18.2m) and operating profits to £15.4m (£8.56m).

After tax profits were held back because the company had ceased capitalising interest charges on the field.

Ms Airey said the company had completed its first well renewal in Turkmenistan, which was now producing 1,000 barrels of oil and 10m cu ft of gas a day.

Earnings per share rose to 1.13p (0.98p).

The shares closed down 1/2p at 85 1/2p.

Bass sells stake in C-T venture

By Ross Tiernan

Bass, the brewing and leisure group, has sold its half share of the Carlsberg-Tetley brewing joint venture to its partner, Carlsberg of Denmark.

Britain's second largest brewer exercised an option under the purchase agreement of August last year to sell the 50 per cent interest, acquired from Allied Domeq for £300m, to Carlsberg for £110m (\$179m). Bass said it would also use the agreement to require Allied to make a £30m refund.

The transaction has been expected since June, when Margaret Beckett, trade secretary, blocked Bass's attempt to merge Carlsberg-Tetley with Bass Breweries. The merger, which would have left Carlsberg with a minority stake, would have enabled Bass to leapfrog Scottish & Newcastle, which

sells 26 in every 100 pints consumed, to become the UK's biggest brewer, with 37 per cent of the market.

Industry executives believe Carlsberg will now exercise its right under the same agreement to sell on a 14.99 per cent interest in Carlsberg-Tetley to Allied.

The disposal paves the way for other expansion moves by Bass. It is on a shortlist of bidders offering to buy William Hill, the bookmaker, from Brent Walker, the heavily indebted leisure group, and is building its brewing interests in continental Europe.

It also clears the way for Carlsberg-Tetley to publish a strategic review conducted since the merger was blocked. The new strategy is expected to result in the closure of one or more of Carlsberg-Tetley's five breweries and heavy job losses among its 3,900 employees.

RESULTS		Turnover (£m)		Pre-tax profit (£m)		EPS (p)		Current dividend (p)		Dividends in arrears (p)		Total for year	
AMF Inds	8 mths to June 30	13.4	(19.3)	10.228	(0.084)	1.62	(0.43)	-	-	0.85	-	2.8	-
Amey Property	8 mths to June 30	27.3	(16.2)	5.08	(5.07)	3.9	(2.3)	-	-	-	-	4.7	-
Applied	8 mths to June 30	380	(390.3)	3.89	(4.52)	3.7	(4.4)	2.9	2.9	2.1	-	-	-
Bridgeway (TFLB)	8 mths to June 30	4.45	(4.54)	0.219	(0.236)	10.11	(10.68)	2.9	Oct 3	2.1	-	10.4	-
Market	8 mths to June 30	7.01	(5.2)	1.18	(0.773)	5.84	(3.75)	1.3	Oct 17	1.1	-	3.8	-
Monument Oil & Gas	8 mths to June 30	42.7	(19.2)	7.97	(8.87)	1.13	(0.98)	-	-	-	-	-	-
Investment Trusts		NAV (p)		Attributable earnings (£m)		EPS (p)		Current dividend (p)		Dividends in arrears (p)		Total for year	
J Fry Utilities	Yr to July 31	145.02	(22.27)	2.47	(2.58)	8.13	(8.48)	2.7	Oct 15	2.5	-	6.25	7.94

Earnings shown basic. Dividends shown net. Figures in brackets are for corresponding period. *After exceptional credit.

AEGON N.V., registered in The Hague, The Netherlands

INTERIM DIVIDEND 1997

The Executive Board, with the approval of the Supervisory Board, announces the payment of an interim dividend for the fiscal year 1997 either entirely in cash or, at the option of the shareholders, entirely in stock to be paid out of the paid-in surplus (free of tax in The Netherlands) or, if so requested, out of the net income of the first half of 1997.

The interim dividend 1997 in cash is NLG 1.40 per common share of NLG 1.00 par value. In view of AEGON N.V.'s strong capital base, the interim dividend in cash will be 2% to 5% higher than the value of the interim dividend in shares.

Shareholders are requested to opt for cash or stock within the period set out in the time schedule below. There will be no trading in dividend coupons on the Amsterdam Exchanges.

The value of the dividend in shares will be fixed in line with the value indicated above and will be based upon the average share price calculated over a period of 5 trading days following the last day of the election period. The new shares will have an apportioned right to the 1997 results and full rights to those of subsequent years.

The time schedule for the interim dividend 1997 is as follows:

Date	Event
26 August through 5 September 1997	Election period.
26 August 1997	Ex-dividend quotation of AEGON shares.
15 September 1997	Publication of the determined dividend.
18 September 1997	Payment of dividend.

Holders of shares which are not held in custody, and who have opted for stock, will be given the opportunity to deliver the No.11 dividend coupons, up to and including 5 September, 1997, to N.V. Nederlandsche Administratie-en Trustkantoor, Herengracht 420, 1017 BZ Amsterdam, The Netherlands. If no choice has been indicated by them within the above-mentioned period, the dividend will be payable in cash.

If holders of shares which are held in custody by a bank or a broker, do not indicate a preference for cash or stock within the election period, the bank or broker will generally automatically select the stock dividend. Banks and brokers are requested to deliver the relevant dividend coupons to N.V. Nederlandsche Administratie-en Trustkantoor at the above-mentioned address, before the close of the Amsterdam Exchanges on 5 September, 1997. Shareholders who prefer to receive cash are requested to pass on their choice via their bank or broker to the principal paying agent ABN AMRO Bank N.V.

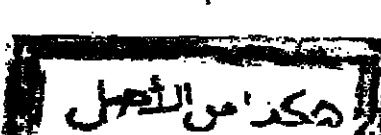
Delivery of new shares will be based solely on the total amount of No.11 dividend coupons received by 5 September, 1997, accompanied, where applicable, by a payment of cash in lieu for any remaining fractions of a full share.

Note: The above dividend payment procedure does not apply to holders of New York shares.

Copies of the half-year report are available in the U.K. free of charge to any shareholder, upon request, from UBS Ltd., 100 Liverpool Street, London EC2M 2RH.

The Executive Board

The Hague, 22 August, 1997
50 Mariahoeveplein



Bally chief quits after flotation plan blocked

By William Hall in Zurich

Ernst Thomke, Switzerland's best-known industrial trouble-shooter, has resigned as chief executive of Bally after his plans for a partial flotation of the luxury shoe company were rejected by the majority shareholder.

Mr Thomke, who made his name rescuing the Swiss watch industry in the 1980s, was hired by Oerlikon-Bührle, a Swiss engineering conglomerate, in September 1995 to turn Bally around after its board lost confidence in its predecessor, Stefano Ferro.

However, the company has taken longer than expected to respond to Mr Thomke's cost-cutting strategy, which has involved shifting production to low-cost countries and more than halving its range of shoes.

Bally, which has annual

sales of around SF1bn (\$662m), lost SF11m in 1996 and did little more than break even last year. Mr Thomke is understood to have wanted to float part of Bally's shares on the stock market to raise the SF150m needed to speed up its recovery.

However, Hortense And-Bührle, the daughter of Oerlikon-Bührle's founder, who controls 31 per cent of the shares, is understood to have blocked the deal.

A boardroom row has been festering for several weeks and Mr Thomke's resignation looked inevitable when Mrs And-Bührle was quoted saying Mr Thomke should stop talking to the press and get down to work.

Oerlikon-Bührle issued a brief statement yesterday saying Mr Thomke had resigned from the board of Bally and Pflaum, Oerlikon-Bührle's air-

craft company, after "irreconcilable differences of opinion".

Mr Thomke is known in Switzerland as the man the banks turn to to help them out. He restructured Motor-Columbus, a big Swiss utility, restored the fortunes of Pflaum, and rejuvenated Saurer, one of the world's leading textile machinery companies.

Oerlikon-Bührle, which announces its half-year results next week, has not replaced Mr Thomke.

The company's shares, which have substantially underperformed the stock market this year, closed SF15.75 lower at SF164.

Oerlikon-Bührle, which was rescued by the banks a few years ago after its traditional defence business over-extended itself, has been reorganised by Hans Widmer who took over as chief executive in 1991.

Markets fall on fears of German rates rise

By John Labate in New York and Steve Thompson and Vincent Boland in London

US stocks continued falling yesterday as bond prices plunged and investors sold off blue-chip and technology shares.

By 12:30pm the Dow Jones Industrial Average was off by 131.93 or 1.67 per cent at 7,762.02. Although shorter-term bonds fared better, the benchmark 30-Year Treasury bond fell 8 1/8¢, yielding 6.688 per cent. The sell-off followed Thursday's 127 point loss in the Dow. Weakness in the technology sector put a similar drag on the Nasdaq composite index, which lost 24.44 or 1.52 per cent at 1,582.92. The broader Standard & Poor's 500 Index lost 14.61 at 910.44.

The main trigger for the falls was a mounting fear that German interest rates would rise, possibly by the end of next week, to combat accelerating inflation.

German bonds suffered the sharpest falls after the release of figures showing that German import prices were 4.2 per cent higher than a year ago in July - largely because of the weakness of the D-Mark.

The rise, the biggest for eight years, was twice what had been expected. Dealers in Europe and the US believe a rise in German interest rates would force central banks in many other European countries to raise their own rates. In London, the FTSE 100 index lost 76.9 points, or 1.6 per cent, to close at 4,901.1.

Mark Fox, chief European strategist at Lehman Brothers in London, said: "Market expectations of a move by the Bundesbank (to raise interest rates) have increased very strongly." That was causing a rethink of perceptions towards bond markets, which have reaped strong gains in the current climate of relatively low interest rates.

World stocks, Page 21
 London stocks, Page 17
 Markets, Weekend Page XVIII

BT's doubtful dowry

British Telecommunications' management has extricated itself from a tight corner with a dramatic cut in the cost of buying MCI. After being caught out by MCI's troubled turf war with local US telecoms monopolies, BT risked paying too much for shop-soiled goods. But it showed MCI directors the abyss of a failed deal - a tumbling MCI share price, no fat completion bonuses and years of legal fighting with BT. And they preferred to take the heat - and possibly lawsuits - from their own shareholders.

So far so good. But the cheaper deal still represents an exit price of over 30 times MCI's expected 1998 earnings. And the merger offers only £500m (\$816m) of annual synergies by 2002 - so BT has not got a deal. Moreover, with the strategy and investment plans for the merged group still the same, it is unclear why MCI has decided to head over quite so far.

The fear is that this might reflect MCI's growing sense of the risks of going alone. MCI needs to break into the local market to survive, but this is proving difficult and expensive. It desperately needs a willing partner. This suggests BT shareholders should also consider their increased risks. The merged group offers the allure of higher longer-term earnings growth. But BT could also have boosted returns, with less risk, by just handing back cash. True, it would be more exposed to competitive threats in the UK further down the line. But in the shorter-term world of the stock market, that might count for less than the immediate struggle to break down monopolists elsewhere.

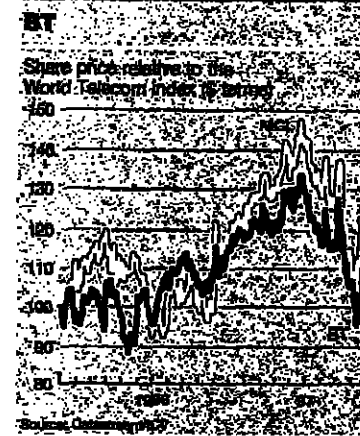
UK property

The UK property sector needs a clean-up. There are 130 or so listed property companies, but it is scarcely a majority that can boast a credible raison d'être. The sector is trading at a 9 per cent premium to its net assets, but once you strip out Land Securities and British Land you get to around asset value. And there are plenty of companies with poor records, high management costs, little focus and chunky valuation discounts.

The solution is clear. Successful, entrepreneurial groups should take over some of their cheap and cheerless competitors. By restructuring and refocusing portfolios and bringing down costs, value could be created. Hence MEPC's approach of Greycoat and speculation over

THE LEX COLUMN

FTSE Eurotop 300 index
 951.3 (-21.1)



stake-building in some minnows. This would merely mirror what is already happening in the investment trust sector.

But the problem with property is that valuations are subjective. Without access to a company's books, a bidder would be taking a shot in the dark. And few managements will be happy to pass on their books and hence their jobs. For this to change, investors need to exert pressure on managements. Alternatively, if interest rates start falling and valuations run ahead of share prices, bidders may be more likely to believe that the risks of buying a property company are on the upside. Either way, it could be a long wait.

UK bank boards

As investors ponder the apparently deep-seated problems at National Westminster Bank, or last week's questionable deals from Royal Bank of Scotland, they might ask whether the corporate governance arrangements at Britain's biggest banks are really up to the job. In particular, they might have a glance at banks' boards.

The problem is not that banks are short of non-executives - rather the contrary. The worry is that they are swamped with them. Take, for instance, the extravagant line-up at Lloyds TSB. Alongside the chairman and six executives, the bank rejoices in two deputy chairmen and no fewer than 12 non-executives. Bank of Scotland (two deputy chairmen; 12 non-executives), HSBC (two deputy chairmen; 10 non-executives) and Royal Bank of Scotland (ditto) are similarly overladen. In such company, National

Westminster (one deputy chairman; nine non-executives) and Barclays (eight non-executives) begin to look positively lean.

Why does this matter? Simply because it is extraordinarily difficult to believe such expensive mass gatherings are effective forums in which to take real decisions or to challenge, if necessary, executive management. Moreover, the banks may not have developed the insurers' fondness for aristocracy (General Accident's board sports two earls; Sun Life and Provincial even manages a marquess) but their boardrooms still look longer on the great and good than on Hampel-friendly corporate strategy hot-shots. Some trimming is in order; shareholders should press for it.

UK buy-backs

Could Gordon Brown, the UK chancellor of the exchequer, have inadvertently prompted a thumping £100bn (\$160bn) in share buy-backs? That, at any rate, is the thesis of a report published today by broker UBS. The underlying logic is sound: British balance sheets, undergirded by international standards, need to be tightened now the chancellor has enhanced the tax attractions of debt by abolishing pension funds' tax credits on dividends.

Of course, £100bn is just a guess. That figure assumes UK companies shift gearing (net debt/equity) of 30 per cent on average) to US or continental European levels (68 and 63 per cent respectively). A prudent would note that balance sheet measures of gearing are doubtful and there is nothing magic about US/European debt levels. All the same, such a fat headline figure gives a fair flavour of the scale of the shift potentially involved. If so, Mr Brown will not be chuffed; such a large increase in companies' tax-deductible interest payments would knock £2.5bn or so off annual corporation tax receipts.

One snag, however, is advance corporation tax (ACT). Many companies could not make such hefty pay-outs without incurring a large and, in some cases, unreclaimable ACT bill. That is one reason why, from the point of view of a sane tax system, ACT should now be abolished. Otherwise such businesses will have a nonsensical tax incentive, for instance, to launch take-overs. If buying your own shares is a tax-inefficient way to gear up, after all, a logical alternative is to buy someone else's.

DuPont adds soy protein supplier to food business

By Richard Tomkins in New York

DuPont, the largest US chemicals group, yesterday took another big step into the world food business by announcing an agreement to buy Protein Technologies International, a leading supplier of soy protein, for \$1.5bn in stock.

The deal comes only days after DuPont said it was spending \$1.7bn to take a 20 per cent stake in Pioneer Hi-Bred International, an Iowa-based agricultural technology group, and forming a joint venture with the company to improve crop yields.

Yesterday DuPont said the joint venture with Pioneer, called Optimum Quality Grains, would develop higher value soybeans, and Protein Technologies International would convert that better soybean into higher value protein applications benefiting food companies and consumers.

Technologies International and its affiliates from Ralston Purina, US maker of Eveready batteries and pet food. Ralston Purina said the sale would help it focus on its battery and pet food businesses.

DuPont said it planned to buy back as many shares as it issued to complete the deal. Even so, the acquisition would dilute earnings per share by about 1 per cent next year, it said. Charges associated with this and other transactions would cut this year's earnings by about \$1.00 a share. Last year DuPont earned net profits of \$3.6bn, or \$6.47 a share. Shares were down 3 1/2% at \$63 1/2 in early trading.

Protein Technologies International, based in St Louis, Missouri, is a leading supplier of soy proteins to the food and paper processing industries, with annual sales of \$450m. It is best known for its Supro brand of soy proteins, which are used in hot dogs, hamburgers and pizza toppings among other things.

Mr John Krol, DuPont's chief executive, said the acquisition was part of the company's plan to increase its presence in the global food, feed and industrial markets with higher value products derived through biotechnology.

"The combination of DuPont, PTI and the recently announced joint venture with Pioneer brings together the technology and know-how to deliver higher value food and materials to a growing and more demanding world population," Mr Krol said.

DuPont also hopes the US Food and Drug Administration will approve health benefit claims for Protein Technologies International's soy proteins in the next two years, significantly increasing their value as a food ingredient.

Clinical trials of soy proteins have indicated that they can help prevent or mitigate the effects of menopausal symptoms, heart disease, osteoporosis and hormone-related cancer.

Companies in this issue

Asian Paints	22	DuPont	24
BMG	2	EMI	2
BT	6	Freemove McMoran	
BP	17, 22	Glaxo Wellcome	17
Bally	24	Golden Vale	5
Bank of Scotland	5	Halma	22
Bass	22	Hudson Foods	2
Cable & Wireless	5	ICI	22
Censberg	22	MCI	17, 22
Cho Hung	22	Monument Oil & Gas	
Danisco Mines	2	North Aegean Petrol	24

Markets latest

FTSE 100	4,901.1	(-76.9)
Yield	3.57	
FTSE Eurotop 300	951.3	(-21.1)
FTSE All-Share	2,342.11	(-1.3%)
Nikkei	18,662.17	(-508.95)
New York S&P 500	7,762.02	(-131.93)
Dow Jones Ind. Ave	7,761.58	(-152.37)
S & P Composite	984.27	(-16.78)
LONDON MONEY		
3-mo interbank	7 1/2%	(yarn)
Libor long gilt 6m	Sep 114 1/2	(Sep 114 1/2)
US LUNCHTIME RATES		
Federal Funds	5 1/2%	
3-m Treas Bill: Yld	5.817%	
Long Bond	6 1/2%	
Yield	6.887%	
NORTH SEA OIL (Aug)		
Brent Dated	\$18.285	(18.205)
GOLD		
New York Comex (Aug)	\$328.5	(23.2)
London	\$324.95	(24.95)
STERLING		
New York Lendtime	\$ 1.6133	
London	\$ 1.6092	(1.5872)
DM	2.9171	(2.9297)
FF	8.2822	(8.2661)
Sfr	2.4087	(2.4082)
Y	186.451	(186.631)
E Index	n/a	(101.8)
DOLLAR		
New York Lendtime		
DM	1.6115	
FF	8.1025	
Sfr	1.6005	
Y	177.15	
London	1.6173	(1.642)
FF	8.1227	(8.208)
Sfr	1.6085	(1.516)
Y	117.4	(117.353)
E Index	n/a	(106.2)
Tokyo close	Y 117.15	

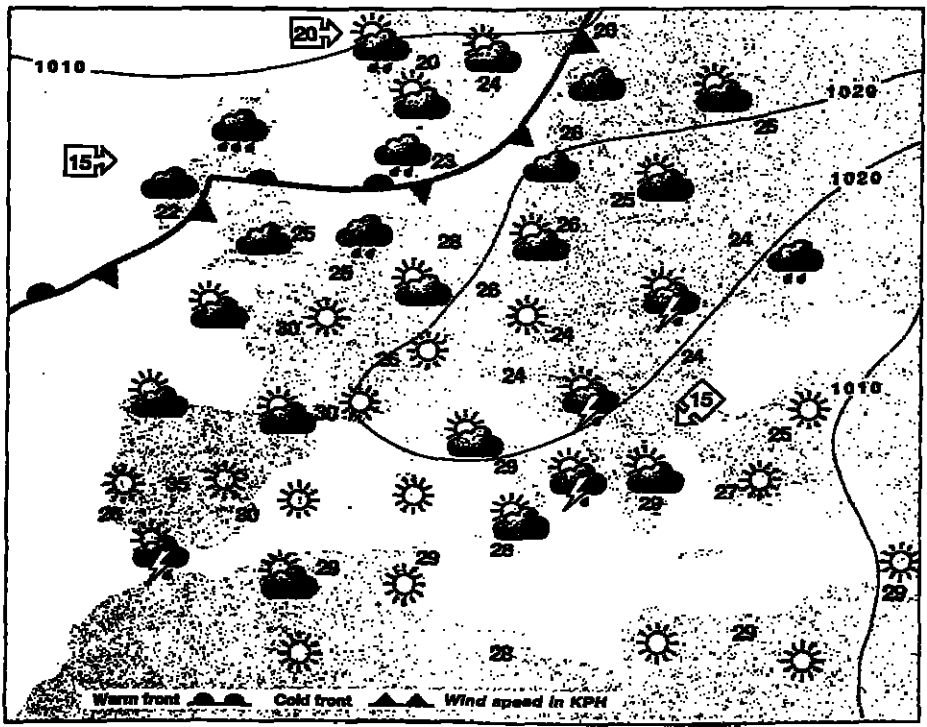
FT WEATHER GUIDE

Europe today

Northern and eastern Scandinavia will be showery but the south will be mostly dry with sunny spells. North-east France and the Benelux will be humid with a lot of cloud and perhaps a shower. The rest of France, Germany and central Europe will be hot with sunny spells although there will be a build up of cloud and a scattering of afternoon showers, some of them thundery. Most of Iberia will be hot and sunny although thunderstorms may cross the Strait of Gibraltar. The rest of the Mediterranean will have hot sun, although thundery downpours are possible over the southern tip of Italy and the Balkans.

Five-day forecast


Scandinavia will be unsettled with heavy rain during the first half of next week. Northern France, the Benelux and northern Germany will be humid, with thundery showers becoming widespread. The Mediterranean will be hot and mainly sunny with isolated thundery showers.



TODAY'S TEMPERATURES

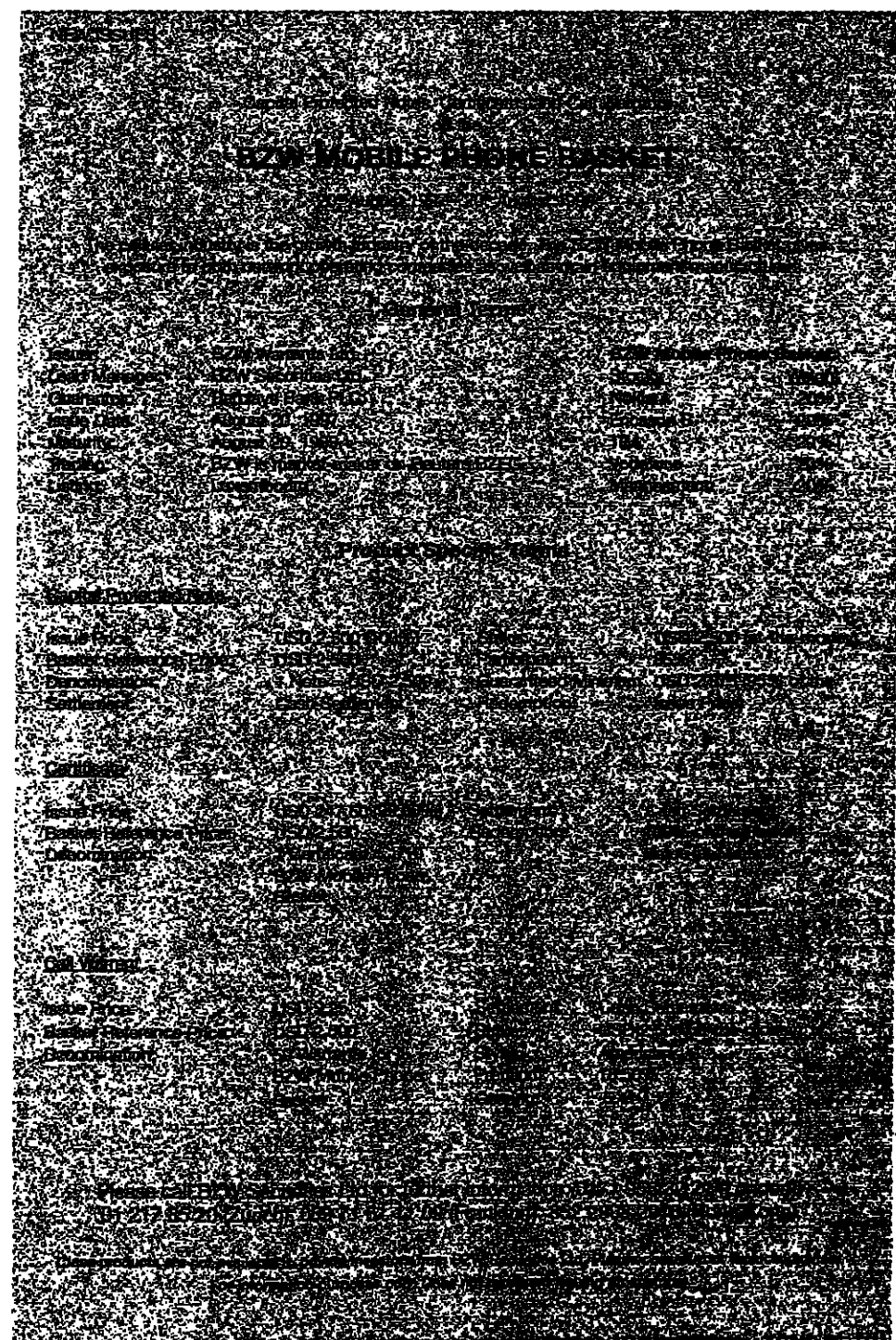
Mandrem	Beijing	Sun 34	Casaca	Fair 32	Faro	Sun 30	Madrid	Sun 34	Rangoon	Shower 29	
Malacca	Calcutta	Rain 20	Cardiff	Fair 19	Frankfurt	Fair 29	Malacca	Sun 34	Reykjavik	Rain 11	
Abu Dhabi	Sun 40	Belgrade	Thunder 24	Casablanca	Shower 26	Geneva	Fair 26	Melita	Fair 26	Rio	Fair 30
Algeria	Fair 28	Berlin	Fair 28	Chicago	Fair 24	Gibraltar	Thunder 25	Manchester	Rain 20	Rome	Fair 25
Bombay	Fair 28	Bermuda	Fair 30	Cologne	Shower 27	Glasgow	Rain 18	Margella	Rain 14	S. Francisco	Sun 22
Amsterdam	Fair 29	Bogota	Fair 19	Dallas	Shower 31	Hamburg	Thunder 25	Melbourne	Rain 24	Sao Paulo	Fair 30
Athens	Fair 28	Bombay	Fair 30	Dallas	Thunder 35	Helsinki	Cloudy 24	Mexico City	Fair 26	Singapore	Fair 31
Atlanta	Sun 28	Brussels	Fair 28	Delft	Fair 38	Hong Kong	Rain 29	Miami	Thunder 33	Stockholm	Fair 24
B. Aires	Fair 11	Budapest	Fair 24	Dubai	Sun 42	Honolulu	Fair 32	Milan	Sun 28	Stressburg	Fair 23
BJ Han	Rain 22	C. Hagen	Fair 23	Dublin	Rain 20	Isle of Man	Fair 24	Montreal	Rain 19	Sydney	Fair 20
Bangkok	Fair 35	Cairo	Sun 33	Durham	Sun 25	Jakarta	Fair 31	Moscow	Fair 24	Taipei	Thunder 28
Barcelona	Fair 27	Cape Town	Fair 19	Edinburgh	Rain 19	Jersey	Fair 22	Munch	Fair 26	Tel Aviv	Sun 31
						Karachi	Fair 38	Nairobi	Fair 26	Tokyo	Fair 32
						Kuwait	Sun 44	Naples	Thunder 29	Toronto	Shower 20
						L. Angeles	Fair 28	Nassau	Fair 33	Vancouver	Rain 21
						Los Angeles	Fair 27	New York	Shower 25	Venice	Sun 25
						London	Fair 25	Nice	Sun 29	Vienna	Fair 26
						Lima	Sun 33	Nicosia	Sun 31	Warsaw	Fair 25
						Lisbon	Cloudy 28	Oslo	Cloudy 20	Washington	Fair 28
						London		Paris	Sun 30	Wellington	Shower 11
						Lu Bourc	Fair 26	Perth	Fair 19	Winnipeg	Thunder 26
						Lyon	Fair 19	Prague	Fair 28	Zurich	Sun 26
						Madrid	Fair 28				

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INVESTMENT BANKING. FROM A TO

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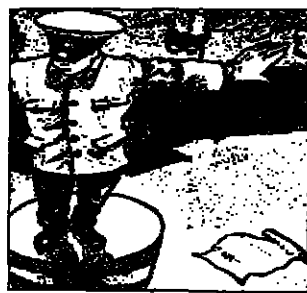


دكان من الذهب



Rum punch

'He has so much money that if the Jamaican currency gets into trouble, he can underwrite it'



Shanghai's cross roads

'By Monday, the police had stopped me four times, fined me once, docked licence points and towed my car away'



The court is out

'While the Grand Slams flourish the rest of the professional game is in poor health'

Page III

Page XX

Page IX

The Gulag Grand Tour

Chrystia Freeland joins a Russian tourist group on a journey through the country's tortured past

It was, one prisoner would later remember, like a medieval painter's evocation of the Last Judgment: 600 women, mostly young, all emaciated, half-naked, bald, pouring with sweat and so jammed into the black hold of a ship that "it was impossible to tell where one pair of buttocks ended and another set of breasts began".

Just looking at this slithering mass of humanity was enough to drive a person insane, the same prisoner recalled years afterwards.

But the tortuous journey was just the beginning of a trip to Stalin's real-life version of hell, one of the gulag prison camps which served the dual purpose of providing slave labour for grandiose industrial projects and of terrorising Soviet society.

The women were being taken to construction site #503, in the remote Siberian north, where most of them would die building a railway that was never completed and never used.

I was making the same odyssey, in the more comfortable Matrosov, an ageing yet elegant Russian riverboat which cruises Siberia's waterways for the pleasure of tourists. I had come to the Matrosov via a tiny advertisement in the Moscow press which promised "tours of the Gulag". The idea of seeing the horrors of the Stalinist past through the eyes of post-communist Russian tourists was irresistible and I was soon on a flight to Siberia.

Arrival at Norilsk airport, north of the Arctic Circle, was an instant lesson in Russian dissident writer Alexander Solzhenitsyn's assertion that "the Gulag is everywhere, it is all of us". From the western reader's cosy perspective, Solzhenitsyn's phrase seems a weighty and wise slice of philosophy. But in Russia, particularly in Siberia, it is the plain truth.

In places like Norilsk, site of the world's largest nickel mine, you don't need a guided tour to find the remnants of Stalinist labour camps. "The zeks [Russian slang for prisoners] built this place; it is a city of prison camps," explains Volodya, 36, a miner with the ghastly skin and rotting teeth of the Norilsk native.

Near the centre of downtown Norilsk, a shabby collection of crumbling, concrete Soviet apartment blocks and a few midge trees fighting a losing battle against the permafrost, barbed wire marks the edge of a Stalin-era prison camp which now houses Boris Yeltsin's convicts.

The Norilsk mines were first hacked out of the frozen earth by gulag slave labour. Even the roads are a legacy of the gulags: Potapov, a talented engineer sent to the gulags, devised a wind-tunnel which made it possible to build roads in the wind-swept tundra. They are still called potapovits.

Potapov's name still haunts the Gulag, but there are also thousands of living ghosts. They are people like Ivan, a gaunt creature as stunted as the Norilsk trees, who works alongside Volodya. In the late 1930s, Ivan was sent to the Arctic prisons for gleaming grain after the harvest, an offence which Stalin's courts pun-

ished with 12 years of imprisonment and a brutal post-script - an extra 15 years of exile in Norilsk, after which Ivan was too old and too isolated to leave.

It is hard to imagine anything worse than being condemned to a life sentence in Norilsk. It is one of the natural world's cruelest environments: the mosquito-infested summer lasts for just 20 days, a brief respite in a year dominated by the "polar night" when there is no respite from the darkness and -50°C temperatures.

So-called civilisation has added to nature's brutality. Norilsk is one of Russia's 10 most polluted cities - a remarkable achievement in a country pock-marked with nuclear and chemical disasters, and one borne out by the pools of blood-red sludge which collect in the city's ditches. We are thousands of miles from any other human habitation, but Stalinist central planners so ingeniously encircled Norilsk with factories and mines that spending a few hours in the city feels like breathing broken glass.

Yet, as Volodya tells me, the gulag inmates are not the only prisoners of this harsh world. As well as slave labour, settlements like Norilsk were populated by the refugees of Stalin's devastating collectivisation drive - simple peasants like Volodya's parents who left their village in Kursk, in central Russia, lured by the promise of high wages.

In the Soviet era, they could hope to use a lifetime of savings earned in the far north to finance retirement in the gentler climes of "the earth", the term the people of the Arctic use to describe those Russian lands free from permafrost. But economic reforms wiped out savings and pushed housing prices sky-high, leaving families trapped.

"To leave here, I need money - which I don't have. We are prisoners without the barbed wire," Volodya says. We drive back through

downtown Norilsk where, in celebration of Metallurgist day, a Soviet-era holiday which Norilsk has used as an excuse for a drinking binge, loudspeakers are blaring out an old pop song: "Russians, Russians, our fate is turbulent. But why, oh why, do we need tragedy to make us strong," a syrupy voice croons. The inebriated burghers of Norilsk seem indifferent to the tune, but the cheap ditty is still in my head as we arrive at Dudinka, the dilapidated port where I am to join the riverboat tour visiting other, more remote, gulag sites.

A sign in the foyer warns: 'It is forbidden to visit the museum in a drunken state.' It is soon apparent why visitors might be inclined to drink

south on the Yenisei, one of the mighty Siberian waterways that plough through the Russian north, we reach Igarka, a desolate hamlet once the headquarters of construction site #503, Stalin's railway to nowhere. Intended to connect European Russia with the far north, the Siberian railway was Stalin's pet project.

Perhaps taking perverse pleasure from building this prison site near the Siberian village where he had been sent, to a far gentler tourist exile, the Soviet dictator was so infatuated with project #503 that he gave the order to begin construction in 1949 before any engineering plans or surveyors' maps had been drawn up. Known as "the railway of bones" by its prisoner-builders, it claimed tens of thousands of lives. The railroad was abandoned in

1953, as soon as Stalin died.

Even from the doorway, it is clear that Igarka's gulag museum and its local visitors are a grim lot. In place of the usual injunctions against taking photographs or slurping soft-drinks, a hand-written sign in the foyer warns: "It is forbidden to visit the museum in a drunken state." But as Natalya Gruzina, the museum's perky director, describes the sombre exhibits, it becomes apparent why visitors might be inclined to turn to drink.

She discusses the "mothers' zone", where children up to three-years-old were kept in separate prisons next

forest which greeted prisoners when they were dropped off with axes and a few guards and told to build winter accommodation.

The zeks' biggest summer-time complaint was the mosquitoes, which one former prisoner described as "a tortuous mob; there were more of those beasts in the air than raindrops in a thunderstorm. When you waved your hand in the air it would become bloody with dead mosquitoes."

Even though I am drenched in the most up-to-date western insect-repellent, the modern-day mosquito swoops into my eyes, ears, nose and throat. Jogging to keep ahead of the flying mob, we begin to trudge through the dense undergrowth in search of the abandoned prison camp.

Soon we find the railway to nowhere, now just a few rusty railway ties pointlessly moored in the Siberian forest. After a few miles, we reach what is left of the camp perimeter - bits of barbed wire, a weathered watchtower, and a sign that warns "Forbidden Zone".

Inside, we find a few dilapidated warehouses and barracks which once belonged to the gulag, strewn with the detritus of camp life - a rotting shoe here, a bit of wash-basin there. The only formal acknowledgment that this is a spot steeped in human suffering is a weathered wooden cross on the riverbank, erected by the Orthodox Church.

The lack of structured commemoration is disorienting; my fellow visitors can not quite figure out whether we are on some Siberian nature walk or venturing into the darkest corners of their own history. A few girls pick bouquets from the wonderful profusion of northern flowers. Others strike sex-kittenish poses for their camera-toting boyfriends. One young man decides it would be a good idea to inscribe "Zhena was here" on the wall of a col-

lapsing prison barrack.

Yet, as we explore the decaying camp, the mood becomes more sombre. "This is not a place for smiles," a suddenly serious young woman from the coal-mining city of Kemerovo snaps when her friends ask her to grin for the camera.

Later that evening, as we gather in the bar to wash away the ship's stodgy, Soviet-style cuisine, I try to understand my perplexing shipmates who have chosen to visit Stalin's prison

camps, but seem curiously unmoved. There is the national ambivalence of a country which has boldly rejected its communist past, but still consents to be ruled by the former communist nomenklatura.

As I persevere with my unpopular questions - for signs are still exotic in this corner of Russia and my new acquaintances would prefer to interrogate me about consumer paradise in the west - I make a discovery. Almost every one of my

shipmates has a grandparent, or parent, or uncle, or cousin who was repressed by the Soviet regime.

The tales of personal tragedy are revealed, but no one can agree on what they mean. Alexei, whose family was forever excluded from the communist good life by his grandfather's "sin" of being captured by the Germans, thinks the gulags hold a lesson for the Kremlin: "All the former Communists in our government should be forced to come on this tour."

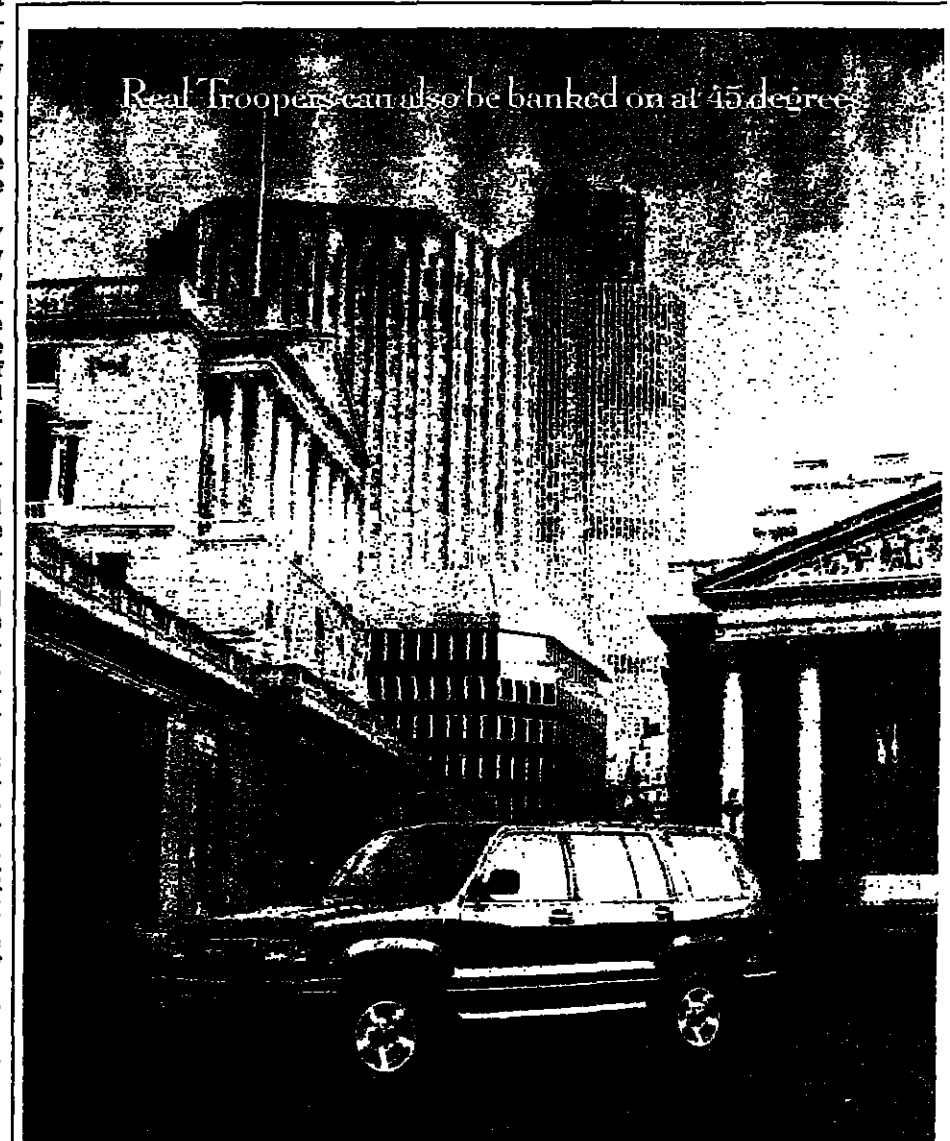
"We know our entire country was one big gulag and many of the same people are still in charge," says Oleg, a doctor from the local capital, Krasnoyarsk. "But what can we do? It's hard enough just to survive."

Russia's hardcore democrats, the dissidents and human-rights activists whose courage tore the Soviet Union apart, but who have now been relegated to the fringes of public life, believe this sense of impotence and apathy is a symptom of the country's lack of civil society. They warn that until Russia fully remembers its past, it risks repetition.

My drinking companions take a more optimistic view. "But look, at least we are talking about it, and with a foreigner at that," Oleg says. "Ten years ago we wouldn't have dreamed of such democracy." It is 2am, the Arctic sun is bright, and between shots of vodka my new friends launch into the patriotic songs of communist youth camps.

Catching my uncomprehending gaze, Oleg flashes a smile and explains: "See Chrystia, after a day at the gulags, we can still carry on like this. You can never conquer such a people."

■ *Memorial, a Russian group dedicated to the victims of the Gulag, can be contacted on fax 7-065-973-2094.*



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This week's contents and columnists

Arts	VII	Perspectives	II-IV
Arts Guide	XVI	Property	XII, XIII
Books	V, VI	Joe Rogaly	III
Fashion	X	Science	II
Food & Drink	XI	Small Businesses	II
Gardening	XVI	Sport	IX
How To Spend It	X	Travel	XIV, XV
Lunch with the FT	III	Truth of the Matter	III
Motoring	XVI	Weekend Investor	XVIII, XIX



Joe Rogaly
Dangerous liaisons
'Prudent corporations are hiring cunning advisers to plan their defence'

Page III

The Nature of Things
All in the mind
'Pain research is still in its infancy. Most drugs doctors use are decades old'

Page II

PERSPECTIVES

Minding Your Own Business

Making statelty progress

A government-funded Polish museum is increasing its tourist income. Stefan Wagstyl reports

Janusz Ziembinski, for 19 years the director of a government-owned statelty home in Poland, is a most unlikely free market reformer.

A scholarly man, with a passion for history, he loves to pore over old photographs of the house as it looked in its prime at the end of the 19th century. There is nothing he likes better than restoring interiors from pieces found in the cellars. "Sometimes I feel like a detective, piecing together the past."

But in the 1990s, Ziembinski has had to concentrate on the present. Just as the managers of state-controlled factories and farms have had to move with the times, so has Ziembinski in his management of the house, which is now a museum, in the Silesian town of Pszczyna in south-west Poland.

Ziembinski says that before the collapse of communism in Poland in 1989-90, the museum failed to make the best of itself in attracting visitors. "We had no idea what marketing was. We had no idea that museums had to sell themselves."

Pszczyna is close to some of the grimmest industrial sites in Poland, but it is surrounded by farms and by forests which are still home to deer, wild boar and a few bison. The big house was built in the 19th century in the style of a French chateau on foundations dating back to the 13th century.

Until the second world war, it belonged to the Hochberg family, Prussian aristocrats who grew rich from their investments in Silesian industry. Pszczyna was their rural retreat - a lavish hunting lodge, where the principal guest was often the Kaiser, Wilhelm II.

During the war, the house escaped damage from either the Germans or the Russians and retained almost all its furnishings. Walking through paneled rooms hung with paintings and replete with 18th and 19th century furnishings, Ziembinski says: "Very little was looted. This is a grand central European house with its contents virtually intact."

After 1945, the house was taken over by the government, turned into a museum and opened to the public, financed largely by subsidies. Income from visitors was minimal. However, the curators managed to keep the place in reasonably good condition. "Poland had so little historical value after

1945; it was our responsibility to preserve this," says Ziembinski. When the Berlin Wall came down and communism crumbled in eastern Europe, Ziembinski was, by coincidence, in Britain on a study tour of museums and country houses organised by the British Council. He says he had expected to discuss techniques in historical record-

keeping and conservation. Instead he found himself learning about marketing, visitor management and museum shops. "It was a revelation."

When he returned to Pszczyna, he set about putting his new ideas into practice. Government officials accepted the need to raise money, and supported Ziembinski as he raised admis-

sion fees, printed new guidebooks and postcards, and started letting rooms for corporate parties for up to £12,500 (£445) an hour. The Hochberg family heir, Prince Bolko von Pless, who lives in Germany, visited Pszczyna and gave up his right to claim back his family property. Like the heirs to some other grand houses in Poland, Prince Bolko did

not wish to shoulder the high costs of maintenance. He wanted the museum to remain as a memorial to his family's past and approved Ziembinski's plans. "Prince Bolko once asked me why I was working so hard for his family. I said I wasn't working for his family but for the sake of preserving history," says Ziembinski.

He reorganised the displays in an effort to make them more interesting for visitors. Until 1990, the museum was arranged as a series of interiors, showing furniture from different periods in historical sequence. Ziembinski decided the house would look much better if it could be recreated in its pre-1914 heyday. Using old photographs

given by the Hochberg family as his guide, Ziembinski refurbished and redecorated most of the main rooms. Much of the furniture was either already on display somewhere in the house or else abandoned in the cellars. "It was difficult putting things together, but it was worth it. We can now show visitors the historical truth."

Ziembinski has financed the renovations mainly by increasing income from visitors, which has risen from very low levels before 1990 to about 40 per cent of the total, with the rest coming from government grants.

This year, Ziembinski hopes to generate £1650,000-£1750,000 (£115,700-£133,500) from visitors in addition to grants of £2000,000. The costs of the 50 museum staff will account for about 55 per cent of the income, heating will absorb a further 5 per cent. The remaining 40 per cent will be spent on conservation and new displays.

The number of visitors has climbed only modestly from 111,000 in 1990 to 134,000 last year, but the income per visitor has soared from the equivalent of £0.02 to £0.14. "That is what matters. They showed me how important that was in England," says Ziembinski, showing a chart on which he collects the financial data. Ziembinski, who sits on national boards co-ordinating museum policy, says he is planning to expand the range of souvenirs to include mugs and other mementoes, which would be produced in conjunction with other museums. "It's not worth manufacturing such articles ourselves. But if we do it together, it could be profitable."



Janusz Ziembinski: "Poland had so little historical value after 1945, it was our responsibility to preserve this"

Wojciech Przeworski



The Nature of Things

When it's all in your mind

Understanding pain may help reveal the secrets of the brain, finds Daniel Green

What is pain for? In an era which believes that there is no pain without pain (the phrase was coined by Adlai Stevenson in 1952), it seems like a dumb question. But recent research on pain by neurologists using the tools of molecular biology is questioning some basic assumptions about why things hurt. Their discoveries blur the distinctions between physical, psychological and social behaviour and suggest a route towards greater understanding of the mind itself.

From a medical perspective, pain is pretty useless. Some scientists are surprised that Darwinian evolution has left us with much pain at all; it is hard to imagine survival of the fittest being helped by aching backs, migraines or arthritis. Acute pain, at least, may have a role in survival. "There are patients with syndromes that eliminate all pain," says Jon Levine, professor of medicine at the University of California at San Francisco. "They break bones, get infected

and die young, not because of any disease but because they don't recognise a range of dangers." Explaining chronic pain in evolutionary terms is trickier. Howard Fields, a professor of neurology also at UCSF, thinks it might contribute to the human desire for improving one's lot. For example, when prehistoric people left the tropics for temperate regions, they made clothes and built houses to deal with the nagging pain of being too cold. But both scientists feel a little uncomfortable with such speculation because their researches show that the pain felt by individuals depends on their perception of why they are in pain. For example, a twinge in the chest is debilitating if you think you are about to have a heart attack, but can be ignored if you believe it was caused by last night's Sichuan meal.

Similarly, people with the same medical condition can feel quite different amounts of pain. "I had a patient who was a corporate executive for a clothing company," says Levine. "She had rheumatoid arthritis and incredible, horrible destruction of her joints but she hadn't noticed. She even ran the Bay to Breakers [the annual 12km run across San Francisco]."

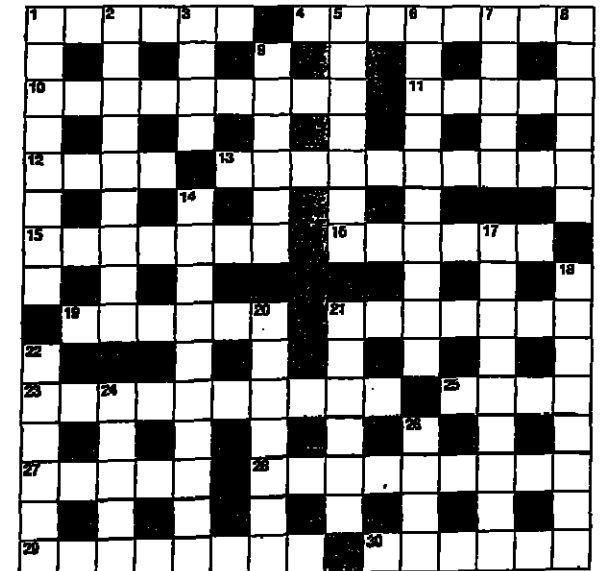
Levine has conducted an experiment in which he tried to predict the amount of pain felt by a rheumatoid arthritis patient by measuring the bone damage. He found no correlation. The UCSF scientists and others have been trying to understand these peculiar observations by looking at the way drug molecules interact with molecular receptors in the brain and nervous system. They believe that the chemical pathways in the brain where painkillers work are also affected in other ways. So when a child has a headache and is comforted by its mother it feels better because drugs and mothers affect similar brain pathways. "There's no difference between a pharmacological and a psychological treatment: it's all in your brain," says Fields.

How much pain you feel is a cultural as well as a psychological issue, he says. Victorian explorers endured terrible privations. Farmers and construction workers today accept damage to their bodies without too much complaint. The rest of us would find it hard to understand how anyone could bear either circumstance. Fields is aware that suggesting pain is all in the mind is unlikely to be well-received by those suffering from serious diseases. But as far as neurologists are concerned, that misses the point. The brain is a physical organ. Pain feels like it happens somewhere in the body, but it turns into suffering somewhere in the nervous system between that point and the brain. The evidence backing this view is mounting. Some painful conditions such as irritable bowel syndrome or the muscle pains called fibromyalgia do not respond well to conventional analgesics. They do respond to antidepressants, although much more quickly than antidepressants help a depressed person. The reason appears to be that chemical and electrical junctions in the brain can play several roles, some in the "psychological" domain and another in the "physical". This implies that treatments for pain could be psychological, say, counselling or hypnosis, or physical, through drugs or surgery, or both. The extent to which pain research is still in its infancy is startling. Most of the drugs doctors use are decades old. Aspirin and morphine were 19th century inventions. Earlier this year, the authors of a paper in the British Medical Journal said they had discovered that "chronic back pain is not the same as acute back pain that lasted a long time". If the neurologists are right, this should not be surprising. The relationship between brain function and what we think and feel is little understood. Their work may not tell us what pain is for, but it could help understand that most intractable and intriguing of scientific problems, how the brain works.

CROSSWORD

No. 9,461 Set by DINMUTZ

A prize of a classic Pelikan Souverain 300 fountain pen for the first correct solution opened and four runner-up prizes of Pelikan M200 fountain pens. Solutions by Wednesday September 3, marked Crossword 9,461 on the envelope, to the Financial Times, Number One South Bank Bridge, London SE1 8NL. Solution on Saturday September 6.



Name _____
Address _____

WINNERS 9,449: C. Manser, Strawberry Hill, Middlessex; Mrs C.R. Alvi, Cambridge; J.M. Mackie, Weybridge, Surrey; Jill Spencer, Barrington, Cambs; Miss C.P. Stevens, 32 New Street, Bedfordshire.

ACROSS

- City with a hospital steeped in traditions (6)
- Unwinding counterfoil delivered (8)
- Unusual cots in ward, beset with trouble (5-4)
- Lorry is freewheeling with no heat capacity (5)
- Opening without approval (4)
- Travelling case (10)
- Calling in Euston, for example (7)
- Structure of tense affair (6)
- Weaver in play showing foot (8)
- So great, possibly, things left in it? (7)
- Our main bet, spread, will take a lot of beating (10)
- Advertise programme schedule (4)
- In the libretto, Scarpia covets her (5)
- Etchings and water-colours (9)
- Wandering or lingering around head of river? (8)
- Horsed around in a Greek island (6)

Solution 9,460

1 CITY OF LONDON
2 UNWINDING
3 UNUSUAL
4 LORRY
5 OPENING
6 TRAVELLING
7 CALLING
8 STRUCTURE
9 WEAVER
10 GREAT
11 BET
12 ADVERTISE
13 SCARPA
14 ETCHINGS
15 WANDERING
16 HORSED

DOWN

- Sensuality, long Sweden's fashion? (8)
- Delicate matter of a top tooth to be treated (3-6)
- Bloody thin (4)
- Drunken sot, notice? (7)
- Mole of Grasmere, for example (6-4)
- Unconventional new route (6)
- Accuracy needed in ethnic etymology (8)
- Repair net (6)
- Brewer, for one, has a way of speaking a line (10)
- Neutral, eluding an upset? (9)
- Sitting-bowers (8)
- Cattle disease showing strange backing up and precipitation (7)
- Sunday almost completely wicked? (5)
- Presents from America (5)
- Well-boring instrument producing hunks, formerly (5)
- In this state, a hut should be demolished (4)

Solution 9,449

1 SENSUALITY
2 DELICATE
3 BLOODY
4 DRUNKEN
5 MOLE
6 UNCONVENTIONAL
7 ACCURACY
8 REPAIR
9 BREWER
10 NEUTRAL
11 SITTING
12 CATTLE
13 SUNDAY
14 PRESENTS
15 WELL-BORING
16 HUT

BRIDGE

Unless inveigled into a game of particularly dubious characters, a key to successful defence is to remember that the declarer is trying to form a picture of your cards; he cannot actually see them.

N
♠ Q 10 9 7 3
♥ Q 8 4
♦ K J 4
♣ 7 6

W E
♠ A 2 ♠ 8 6 4
♥ 10 9 8 3 2 ♥ 7 5
♦ 8 6 5 ♦ Q 9 3 2
♣ Q 9 8 ♣ 10 5 4 2

S
♠ K J 5
♥ A K J
♦ A 10 7
♣ A K J 3

North East South West
2C NB 2NT NB
3H NB 3S NB
4NT NB 6NT

North's 3H was a transfer but, with such a flat hand, I ignored the 5-3 spade fit, and accepted his 4NT quantitative raise to play in 6NT.

West led 10W, and dummy presented me with numerous possibilities. Success seemed likely to rely on locating Q♠, and I hoped that the defence might inadvertently provide some clues. West took his A♠ as soon as I led the suit,

and continued with another spade. I cashed all my hearts and then played out all my spades. East throwing first 2♠, and then 2♣.

On the final spade, East threw another club, and I also discarded a second club, the jack, leaving me the diamond guess. By this time, however, I felt that East did not hold Q♠, and that she was guarding Q♠. A good player, she had discarded from the important suit first. However, her reluctance to discard a second diamond seemed telling. Thankfully, my estimation proved correct, and the slam was home.

Could East have done better? Had she thrown a second diamond early on, I might have been convinced that she was guarding Q♠; certainly, that she did not hold Q♠. For those concerned that I could then have merely dropped Q♠, think again.

As declarer, would you really play that an unpresured defender had bared the crucial honour? To succeed, as you surely will, this defence requires both one's resolve and one's hand to be unshaking.

Paul Mendelson

CHESS

Michael Adams and Matthew Sadler, the UK's two best grandmasters now that Nigel Short lives abroad, shared the title and the £10,000 first prize in the Smith & Williamson British Championship last week, but it was a close call. At one stage Adams drew six games in a row, and the pair tied on 8/11 with Tony Miles and John Emms, who were eliminated in a speed chess play-off.

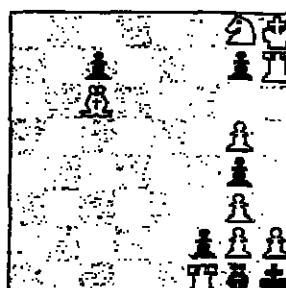
Generous support from accountants S & W produced the strongest ever championship, but the pairing system was strained by the entry of over 80. I should prefer a minimum 2300 rating to limit the numbers and increase direct GM clashes. Rising talents like Luke McShane, 13, and Harriet Hunt, the world girls champion, would have more chances to face the best.

Adams and Sadler will now play in October's world team championship in Lucerne where England will resume the battle against Garry Kasparov's Russians. Then at the end of the year they both compete in the first 30m knock-out individual championship in Groningen.

Adams had to win his final game to catch Sadler, and did so in style (Adams v

Kosten).
1 e4 e5 2 Nc3 Nc6 3 Bb5 a6 4 Ba4 Nf6 5 O-O Be7 6 Re1 b5 7 Bb3 O-O 8 b3 Bb7 9 d3 d6 10 a3 Qd7 11 Nc3 Ra8 12 Nd5 Na5 13 Nxe7 Qxe7 14 Ba2 c5 15 Nh4 Nc6 16 c3 Bc8 17 Bg5 Kh8 18 Bds Nd6 19 Nf5 Qe7 20 Bxf6 gxf6 21 Qf3 Rg8 22 g3 Nc6 23 Kh2 Ng5 24 Qe3 Rg6 25 a4 bxa4 26 Kx4 Rg8 27 Re1 Ne6 28 Nh4 Rg5 29 Qf3 Qe7 30 Nf5 Qe8 31 Rxa8 Nc7 32 Nxd6 Nxd6 33 Nxc8 Qxc8 34 exd5 Rf5 35 Qe2 Qd8 34 Qd2 Qe7 37 Ra8 Qh6 38 d6 Resigns.

No 1194



White mates in three moves, against any defence (by CS Rippling, 1921). Expert solvers at a British Chess Problem Society meeting found this "surprisingly hard".

Solution, Back Page

Leonard Barden

PERSPECTIVES



Joe Rogaly

Demonstrate for freedom to save the earth

In some moods we think the question is not whether our world will come to an end, but when

Picture a cartoon figure walking the streets and proclaiming that the end of the world is nigh. What would you do? Most of us would avert our eyes or point and smile. We should pause. The posters strung across his or her drooping shoulders may be telling the truth.

The human species may indeed be destined to self-destruct. In some moods we think the question is not whether our world will come to an end, but when. At least the carrier of the sandwich-board will have warned us.

That is why we should hesitate before kicking Greenpeace. True, this sometimes irritating non-governmental organisation - NGO in the jargon of the trade - has become the awkward squad of the environmental movement.

Its activists may have been wrong-headed to target British Petroleum. They were certainly brave - and I am not talking about the risks inherent in sea-borne activist demonstrations. For BP is dangerous. It bites back.

Worse, it removes its teeth first. A few days ago it sued Greenpeace for £1.4m for occupying its Stena Dee test-drilling rig in the North Sea. Hallelujah! The autumn headlines were predictable. "Big Oil vs the brave eco-warriors" perhaps? I never could compose headlines. Then BP offered an out-of-court settlement: stop harassing us and we will not bankrupt you. The action moved from the rolling seas on the front pages to the media backwaters.

That is where Big Oil wants it. So far it is having its way. Pro-

capitalists who see BP's point cannot rejoice. If the Götterdämmerung is approaching we need to talk about it.

Leave aside the dubious merits of this week's particular case. The Stena Dee might or might not be worth fighting about. Global warming, the greenhouse effect, is a serious matter. On this I am a believer, irrevocably converted by Margaret Thatcher.

For millions of years, the former prime minister reminded me once, the population of the world was under 1bn. "We had all the carbon fixed down in the earth as coal, oil, peat, gas," she went on. Then the *coup de grâce*. "We have now gone up... to nearly 6bn over a matter of about 150 years, and all of the carbon that has been down there for millions of years is in a matter of decades being put up there." Her hands

futtered skywards. She was in office at the time. She might have done more about it.

What is the likely effect of so heavy an injection of carbon dioxide into the air? Adverse. The mountain of scientific opinion accumulates on paper and on-line. If Greenpeace ever ends up in court we might witness the clash of business vs NGO and try to work out who is right.

That would, however, be an unscientific process. Both sides could win, and both might lose. That is what happened when McDonald's sued for libel, although its adversary was a few penniless individuals, not an organisation. The company won, but can we say that its image is what it was?

This is an outcome that some of us can bear with equanimity. In a democracy there should be

room for direct-action campaigns, if only to stimulate media or parliamentary debate. Future disturbances are likely to inconvenience corporations rather than governments, because it is the private sector that usually has the most direct influence on what happens to us.

Seen this way, Greenpeace is no worse, and no more wrong, than was the campaign for nuclear disarmament during the cold war. It tried to influence or topple governments, a suitable strategy at the time.

The CND marchers were mistaken. They thought that humankind would blow itself up. It did not, perhaps because of the stalemate that unilateral disarmament would have broken.

The temperance campaigners who imposed prohibition by smashing bottles in US saloon

bars were also in the wrong. But others who engaged in street theatre to further a cause have been proved right. The suffragettes are one example, the tree-huggers who tried to obstruct the building of a highway around Newbury in Berkshire another. The battle of Newbury was lost. The Salisbury by-pass in nearby Wiltshire was cancelled. You never can foretell the long-term effect of any demonstration.

Prudent corporations realise this. That is why they are hiring cunning advisers to plan their defences. Counter-demonstration consultants have begun to send in calling-cards, offering presentations on how to respond to NGO campaigns.

This boils down to three possibilities: bamboozle the media, or go to court, or use a judicious

mix of both strategies.

Hassled by animal rights demonstrations? Try the anti-stalking law. Roads protests? Look to the legislation on secondary picketing. In the US, 14 states have adopted "food disparagement" acts, which bar negative comments about perishable commodities. These bans amount to a protection racket for farmers and commodity merchants, following the powerful anti-green alliance between loggers and right-wing congressmen.

It is curious that such a curtailment of free speech is acceptable to so many Americans. We may regard this as yet another indication of the change in the balance of power between elected representative institutions and free-ranging capitalist organisations. Now, where did I put that sandwich-board?

Lunch with the FT

The laughing lender of last resort

Lucy Kellaway meets a frenetic man who visits England to sleep

Lady Sandals, the 132ft yacht that has been moored on the river Thames for the past three weeks, has presented tourists with a puzzle. Who owns this ostentatious craft? Is John Paul Getty in town? But if so, what was Clare Short doing there one evening, or another leftie Michael Foot? And what about the evangelical church leaders, the journalists and the Jamaican politicians who have been drifting in and out to lunches, dinners and receptions?

The answer lies with Gordon "Butch" Stewart, the Caribbean's equivalent of Richard Branson. Stewart, owner of Lady Sandals, is chairman of Air Jamaica and runs the most successful chain of resorts in the Caribbean as well as a couple of newspapers. He has so much money that if the Jamaican currency gets into trouble - as it did a few years ago - he can underwrite it. And when the West Indies cricket team needs \$7m (£4.2m) for its forthcoming tour, that is no problem either: he is happy to provide.

I had been hoping to be invited to lunch on board the Lady Sandals, but as 100 travel agents were due to have a shindig on the boat that day, our venue was fixed on solid land.

Stewart had the air of someone who had come to the wrong place as he lumbered towards me through tables of elegant lunching ladies at Daphne's in South Kensington. Dressed in a maroon shirt and green bomber jacket, he did not

look like a tycoon. Neither did he sound like one.

"Yeah, man," he said, in the Jamaican singsong that always sounds strange on the lips of a white man. I asked if the session with the FT photographer had gone all right. "She was a lady," he said. "I prefer ladies."

He glanced at the lady he was about to have lunch with and may have noticed the absence of a few front teeth and the presence of an enormous pregnant belly. The lunch was well advanced before he met my eye again.

"Have you been having a good stay here?" I asked, to get things going.

"Excellent. I've been able to slow the pace. Catch my breath. I come to England to sleep. Honest to God!"

He is a regular at Daphne's, which is convenient for his Knightsbridge flat, but our French waitress seemed never to have seen him, nor anyone like him, before. He tried to order oysters; she thought he wanted calamari. He explained he wanted a green salad with tomatoes, but this seemed to throw her.

"Miss!", he said finally. "In case of anything, bring her food along. Don't make anybody wait for their food." The waitress looked despairing. I suggested wine. He insisted on Diet Coke.

"I find alcohol slows you down. It takes away your energy. But every now and again I have a proper blow-out. And then I can forget what happens. It purges out all the mental stuff that builds up."

He must have needed a lot



Gordon Stewart: 'There's a large market for smut. I've tried to keep it straight. There's none of that, not in my newspapers or my hotels'

of energy over the years. Three decades ago he started out in business with \$3,000 selling air conditioners. He realised that, if he could instal them immediately - and mend them if they broke - he would have an advantage over rivals whose idea of service left much to be desired.

In those days he had no grand ambitions. "I just got lucky," he said and shrugged. "I have a philosophy that if you make people happy with service they come back for more."

Thus it was that Jamaica got Sandals, the couples resort where you can have a luxury wedding by the side of a shimmering turquoise pool. But Stewart's most remarkable feat has been the airline. When he bought his stake in 1984 the aircraft were filthy and chronically late. Now the service is punctual, the fleet is new, and the hostesses will model bikinis for you.

Does he think himself similar to Branson, I asked, reflecting that the two combine great achievement with a strangely unimpressive manner. "I think he's much brighter. Much more able. But yes, I think I basically am. Philosophies. Attitudes. Similar, yes." He cleared his throat noisily.

Part of what Stewart and his yacht are doing in London is promoting Jamaica. I had been expecting a hard sell as he worked his way through his oysters. But the most he was prepared to volunteer was that Jamaica had more vets per capita than the US. So I changed the subject and asked instead about the time when he saved the Jamaican currency by putting up \$1m of his own money.

"There's no big deal. All my good friends thought I was stark staring mad. But it worked. I appealed to the communities. I got a lot of support. The banks had lines

going down the street with people coming to lodge \$1, \$10, \$100."

The waitress brought our main courses. My swordfish was tiny and within a few mouthfuls I had finished it. He had not yet put his fork to his mouth, and was eyeing the braised fennel on his

change me. My lifestyle has remained", he hesitated, "very similar."

We started to talk about his career as a press baron. "Jamaica had terrible newspapers. Bad spelling, grammar, no colour. Really and truly I started my newspaper The Observer because I wanted to see it as a big medium for education." He took a heavy gold pen out of his pocket and started playing with it. "There's a large market for smut. There's a lot of concepts - nude concepts. I've tried to keep it straight. There's none of that, not in my newspapers or my hotels."

Our plates were cleared, and the ordeal began of ordering the dessert. After more misunderstandings we both decided on sorbet.

Are you a religious person, I asked, increasingly at a loss to understand my strange companion.

He sighed. "I wish I practiced it as much as I

believed. I try to go to church most Sundays. I get better with old age.

"Do you mind if I slip around a little more?" He moved round the table to where I was sitting in order to escape the glare of the sun.

"I envy you folks that write," he said, and explained that he can only write if he has someone to help him and in total peace and quiet. I say that in an open-plan newspaper office there are interruptions every minute or two. For some reason he found this funny and laughed long and hard.

By now, more at ease, he started to tell me that his only real regret in life is having only four children. "If I had my life again, I'd have dozens of kids."

I remarked that it would be hard on his wife.

"Actually we are separated. Yeah. But you know my children are from two different mothers." He

thought for a moment. "In fact, three different mothers. So it's not as easy to keep track of them."

"I lost a son," he said, in the same level way. "Seven years ago. Very painful. In a car accident. He was one of the perfect people. Yeah". He cleared his throat. Taken aback at this unexpected confidence I offered clumsy condolences.

I asked the waitress for the bill, which struck him as almost as funny as the noisy offices.

"No, no, no. I will not have no lady buy me food!" When the bill came he studied it carefully and spent a long time working out an appropriate tip.

"You have lovely blue eyes," he said to the waitress as he paid. This time she seemed to understand perfectly. Thank you for a nice meal, I said.

"OK, baby!" he replied, and off he went in the opposite direction.

Truth of the Matter

Zog's heirs to the throne room

Everyone needs a king to call their own, and there are many lining up to oblige, says Christian Tyler

Umberto II, exiled king of Italy, lay dying. He turned his face towards his homeland, murmured "Italy, my Italy, shall I see thee no more?" and expired. That, at least, was the affecting scene painted by an Italian reporter at the time. When I later congratulated the writer on a fine deathbed quote, he cheerfully confessed that it owed more to imagination than observation.

Umberto reigned for just one month. His father, Vittorio Emanuele, had passively succumbed to the dictator Mussolini - at least until it was too late. The tarnished Italian monarchy was abolished in 1946.

Umberto and his father went to Estoril in Portugal where, along with the other crowned heads pushed out by war or post-war communist coups, they provided lustre for lesser celebrities and amusement for gossip columnists.

Fifty years later, the

ex-kings of Europe are trying to make a comeback. For the collapse of the communist empire has created some interesting vacancies for them or their heirs.

Leka, son of Zog, is a 56-year-old entrepreneur from Johannesburg. This July, dressed in battle fatigues and with grenade and pistol at his belt, he led a march of monarchists through the centre of Tirana. Shots were fired. Leka declared: "I am the legitimate king of the Albanians."

His is only the most outlandish of the candidacies. Simeon Coburgotski, a business consultant in Madrid, was

king of Bulgaria from 1943 to 1946 and wants to go back as head of state. Michael Hohenzollern, a test pilot in Switzerland, was king of Romania for six years and was recently allowed to occupy the throne again for a few hours during an Orthodox service in Bucharest. Alexander Karadjordjevic is a London insurance broker, but it is as Crown Prince of Serbia and Yugoslavia that he has been courted by Serbian royalists. Even Russia has an active claimant in the young Grand Duke Georgi Romanov.

Greece, however, has resisted every attempt by ex-king Constantine to find a role for himself there after his ignominious flight from

the Colonels in 1967.

It is easy to explain why the rest of these frustrated royals are suddenly so hopeful. Their countrymen have never known anything but autocracy and they have been left confused and impoverished by experiments in democratic capitalism. They no longer know whom to trust. No wonder large numbers of them seem ready to substitute a blue-blooded king for the proletarian monarchs of the communist bureaucracy who lorded it over them for five decades.

The aspiring candidates will have taken heart from a strange fact. In progressive, democratic western Europe there are no fewer than

seven reigning monarchs (eight, if you count the Grand Duchy of Luxembourg). They are Spain, Belgium, the Netherlands, Denmark, Sweden, Norway and Britain.

What is interesting about these seven is not that they survived (or, in Spain's case, were revived) but that almost nobody inside the political establishment - and very few outside it - wants to get rid of them.

Why should good democrats so readily tolerate the quaint old principle of heredity?

Precisely because it is above politics. Kings and queens are non-partisan symbols of nationhood. They

come untainted by anything but their own erratic biology. Never having to face election, they cannot be blamed for promises made or promises broken. So long as they behave themselves they can be loved, even revered, in safety. They satisfy a deep psychological need. What politician could claim so much?

In wartime (when they get it right) monarchs embody the just cause: For King and Country. Commanders are there just to do the business and make the mistakes. In peacetime, they can be usefully employed as ambassadors, export salesmen, models of caring citizenship, cultural leaders. They provide a neutral focus

where countries are divided along ethnic and linguistic lines, such as Belgium. They are a sign of virility in young countries like Norway overshadowed by bigger neighbours. And if the churches are losing their moral influence, the monarch can be invoked to epitomise family values and other virtues: hence the embarrassment created by the matrimonial disasters of Britain's dysfunctional royal children.

The job of non-executive, hereditary president - which is what most European royal families are - does not come as a standard contract. Nobody has written the definitive handbook (though Lord Chamberlains

sometimes get together to discuss these things). But there are six basic rules which can be derived from the behaviour (and misbehaviour) of the present incumbents. They are rules which every applicant for a Balkan vacancy will have to study.

The first rule is: keep out of politics, at all costs. The second is: maintain family discipline and conventional morality, even when everyone else seems not to. The third: live elegantly, but not extravagantly. The fourth: get close to the populace, but not too close. The fifth: manipulate the succession if necessary. The last: never, ever, cultivate the press.

If they can promise all that, the Balkan pretenders should find it plain sailing all the way to the throne-room. The fact is, everyone wants a *pater patriae*, a king to call their own - which, of course, is why the dictators of Europe got away with it for so long.

BOOKS



Light inaccessible, hid from our eyes: detail from 'The Agony in the Garden' by Giovanni Bellini (1458-1516). One of the paintings in the National Gallery used to illustrate 17 'Stories From the New Testament' (Frances Lincoln £12.99)

Immortal, invisible, God only wise

Hugh Dickinson encounters a glorious gallimaufry of conspiracies, perversity and scholarship in the search for Truth

For a supposedly materialist and post-Christian society we remain strangely obsessed with religion, its origins, and secret byways. Witness the flood of publications which purport to reveal, for the first time, its riddles, concealments and dark mysteries. These five books offer a broad spectrum of the revisionist genre from illuminating and careful scholarship to marvellous speculations revealing The Truth At Last.

The Second Messiah is a glorious gallimaufry of conspiracies. Here we have told for the first time the secret reasons for the suppression by the Grand Lodge of England of the Scottish Masonic Rite in the 18th century with its much more ancient lore and secret knowledge. A whole swathe of ancient tradition going back to the Templars has been systematically expunged, because it held, or pointed to, hidden evidence of events so dark that it would imperil the established churches and the whole social fabric woven through them.

The stunningly strange Chapel at Rosslyn ("Ros Linn" is Gaelic for ancient knowledge from the past) is, of course, connected with the Knights Templar; Henri St. Claire, who owned the land, was one of the original Crusader Knights, and the Chapel has many masonic symbols. But the Templars (in cahoots with a Jewish secret society called Rex Deus) had used the pretext of crusading zeal to excavate the foundations of the Temple of Herod (where they conveniently stabled their

horses) because they already knew that in the hidden chambers beneath it were held ancient, secret manuscripts which had been concealed there at the time of the Roman siege of Jerusalem in 70 AD.

These writings (which fetched up at Rosslyn) not only had awkward details about the early Christian Church but of much more ancient mysteries going back to King Solomon and beyond him to the Magi of ancient Egypt. This secret hoard - possibly containing the Grail as well - was the real cause for the savage attack on the Templars by Philip the Fair. His brutal torture of Jacques de Molay, the Last Grand Master, happens to coincide wonderfully with the most probable dating of the Shroud of Turin.

What better candidate can we find to leave a mysterious impression of a tortured man - eventually burnt to death - on a linen sheet subsequently treasured by his secret adherents? Oh, yes, and King Arthur is involved as well.

Who would think himself better qualified to stand in for a Second Messiah than Norman Mailer? Who else would have thechutzpah to write an autobiography of Jesus? How He - that is "Jesus" - gets to write this novella from beyond the grave is left a mystery. What is plain is that Mailer, or Mailer's "Jesus" - it's difficult to tease them apart - is concerned to set the record straight. The Evangelists - bless them, for their simple ways - either misunderstood or misrepresented so much of what "Jesus" said or meant. Now we have the truth straight

THE SECOND MESSIAH: TEMPLARS, THE TURIN SHROUD AND THE GREAT SECRET OF FREEMASONRY
by Christopher Knight and Robert Lomas
Century £16.99, 304 pages

THE GOSPEL ACCORDING TO THE SON
by Norman Mailer
Random House £22, 242 pages

GENESIS: A TRANSLATION AND COMMENTARY
by Robert Alter
W. W. Norton £25, 324 pages

JAMES THE BROTHER OF JESUS: RECOVERING THE TRUE HISTORY OF EARLY CHRISTIANITY
by Robert Eisenman
Faber £25, 1074 pages

PAUL: THE MIND OF THE APOSTLE
by A.N. Wilson
Sinclair Stevenson £17.99, 273 pages

from the horse's mouth. The Son had a really difficult Father.

The enterprise is deeply flawed on two accounts. Mailer takes no account of any critical analysis of the Gospels. This has a strangely flattening effect. He takes almost verbatim extracts from the texts as building blocks for the events

in his novel, but uses them at their face value as if he regarded the whole text as equally fictional. This is no attempt of historical imagination to recapture what it might actually have been like for the real Jesus of Nazareth. This "Jesus" lives in a parallel universe in Mailer's own mind, thinking Mailer's clever thoughts, using Mailer's words uncomfortably jostling alongside often inaccurate quotations from the Gospels. And for a writer much acclaimed for his literate output, this autobiography of one of the most mysterious men is curiously dull. The style is alternately flat and portentous. In places it is simply banal. Gethsemane and the Passion have a distanced quality about them as if the risen "Jesus" is writing from some limbo where feelings are no longer felt, only coldly recollected. If the object is to drain the life blood out of the story as an exercise in revisionism, it perhaps succeeds.

A.N. Wilson's *Paul* is much more lively revisionism, if also rather perverse. Here, once again, is an author who is keen to rubish the traditional orthodoxies he himself once believed. Paul, it turns out, was an officer of the police who helped at the execution of Jesus the wandering preacher. Emotionally traumatised, he turns to Mithraism and the pagan myths to invent a wonderful new cosmic religion for the gentiles. He and his followers systematically suppress all traces of the authentic Jerusalem "church" led by James, Luke and the Acts are in effect Pauline tracts distorting or erasing events to suit the

new theology of Christ's divinity, invented by Paul. Wilson's determined and sometimes acid scepticism is not that of the detached scholar, but he does have the merit of suggesting alternative ways of looking at familiar texts and the comfortable assumptions built on them, even if the major thesis itself is pretty implausible. But a good read for all that, keeping the salt cellar handy.

The immense and learned volume by Professor Eisenman is likely to daunt all but the most ardent. Here, once more, there is a challenge to the accepted conclusions of the scholarly world and the orthodox establishment. The Qumran Community and the Dead Sea scrolls have provided a battlefield of particularly bitter warfare among scholars in the past 25 years. The majority view now appears to be - there are shifting sands - that there is no substantial 1st century evidence of any direct connection between the Church in Jerusalem, the Ebionites, and Qumran. Irenaeus in the 2nd century has one paragraph about the Ebionites and none about Qumran.

Professor Eisenman is passionately convinced that the orthodox view is wrong. He sets out to demonstrate that James, the brother of Jesus, is closely associated with Qumran, possibly even the Righteous Teacher assassinated by the Wicked Priest. This thesis also involves assumptions about massive rewriting, or overwriting, of The Acts of the Apostles, and the substitution of pro-Pauline versions for original and more authentic Jamesian texts. There is

such a vast accumulation of detail in this massive work that it is difficult for the non-specialist to see the wood for the trees. A second volume is promised. Perhaps we could beg for a brief summary of this one as a prelude to it.

Finally, with some relief, to a work of great scholarship which is readily accessible to the lay reader. Professor Alter is steeped in the Hebrew Texts of the Old Testament and in the many English versions and has a wonderful ear for the nuances of language register. He has a deep respect for the text as it stands and resists the temptation to slice the narrative up into different sources, even in the face of discontinuities and dislocations which trouble the modern reader. The enigmas, ambiguities and silences of the narrative are part of its given richness and may well be intended artistry. He is also critical of the tendency of modern versions to provide explanatory translations which generally flatten the concrete metaphor and imagery of the original.

His opening preface, "To The Reader", is an education in itself; it should be compulsory reading for all translators. The rest is the author's own translation with footnotes which are invariably illuminating and often surprising. Jacob's Ladder was - of course - a ramp leading to a ziggurat. The Aramaic for "serpent" is closely akin to "Eve" - the life-giving symbol on the caduceus. The mysterious figure who wrestles with Jacob at the brook Jabbok may be his own dark self. Very rich and satisfying.

Demon driven genius

Georges Simenon, a Belgian, was one of the greatest French novelists of the 20th century, much admired by André Gide, the intimate of intellectuals such as Arthur Miller, Jean Renoir and Maurice Viamont, and pseudo-intellectuals like Charlie Chaplin. He deserved - and expected - the literary honours that his sparsely written, psychologically acute, atmospheric novels merited: at least the Goncourt, probably the Nobel Prize for Literature.

He did not receive them, for Simenon committed one cardinal error. Around 1930, at the age of 27, he introduced into his already massive outpourings Inspector Maigret of the Paris police. Maigret would keep him in luxury for the rest of his long life but ensured that Simenon, the creator of detective stories, would never gain recognition for his genius.

Simenon minded, but not too much. He was driven by other demons: his need to write - he produced almost 400 novels and thousands of short stories; and his need for sex - he claimed to have slept with 10,000 women, a

SIMENON: A BIOGRAPHY
by Pierre Assoline
Chatto & Windus £20, 447 pages

gross exaggeration but understandable when most of his encounters were quick couplings in brothels.

But work seems paramount. Starting as a 16-year-old journalist in his native Liège he kept to a strict writing regime, often with books on the go simultaneously, until inspiration deserted him in his 60s. He then concentrated on a fictional account of his own life which occupied him until his death in 1989.

Thanks to his first wife, Tigy, he made a great deal of money, and the couple enjoyed themselves hugely in the 1930s - cruising around Europe, travelling the world, throwing parties for the brightest if not the best of Paris society.

The good times ended with the war in which Simenon buried himself ever deeper into the French countryside and carried on writing. He was unnecessarily friendly with the occupying Germans - his brother Charles was a collaborator who escaped execution by joining the Foreign Legion in 1945 - and after the war Simenon felt it prudent to move to North America where he acquired a second wife (whom he slept with five hours after interviewing her for the post of secretary), more children, and an insouciant shell instead of a personality.

The ending appears sad: a retirement home in Switzerland that reminded guests of a clinic; an alcoholic wife; and the suicide of a favourite daughter. But, thanks to his work, Simenon seems to have died happy. Perhaps very little touched him outside of his study and his imagination.

In his biography, which goes into great detail about Simenon's publishing deals but with only a cursory look at his books, Pierre Assoline does not seem very surprised at his subject's bizarre life. He explains Simenon's womanising as a need to compensate for the absence of his mother's love - although Simenon seems to have got on perfectly well with her; and the weirder incidents in Simenon's life - such as the plan to write a novel in public, in a glass cage, for 50,000 francs and an attempt to solve a suspicious death in the guise of Maigret - are not put into the context of his personality.

This is a solid, workmanlike biography of a strange, unreal, man. Simenon's own stab at his life may be highly imaginative, but it is much more fun.

Antony Thorncroft

Rereadings/Michael Church

Humane thoughts on man's inhumanity

I bought *If This Is A Man* at an airport but it spent the next two years unread on a shelf: it was always talked about as if it were a sermon. Then I started *The Periodic Table*, and chafed at its uneasy fictionalisation of fact: if I was ever going to read anything by Primo Levi, it had better be *If This Is A Man* since this was fact in its unvarnished form.

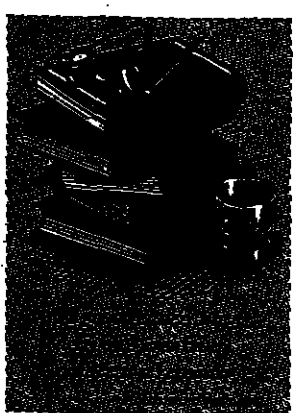
From the opening words of the preface - "It was my good fortune to be deported to Auschwitz only in 1944" - I was gripped. I read the

first short chapter - in which a community of 850 people are abducted in cattle trucks, and 550 are then selected for on-the-spot extermination - in a state of shock. I read on in a mixture of horror and awe: that a man could live through such things, and write about them so calmly; and that so grotesque an historical aberration could be given such timeless significance. Where some had extracted sadistic pornography, this man extracted philosophy.

Stopping every few pages to digest, I spent two weeks with this book and with its sequel, *The Truce*, in which Levi tells of his picaresque 10-month journey home through war ravaged Europe. I've since re-read them, and will do so again, but not because I'm a masochist. For this is a fighter's account, which

runs the gamut of the emotions including high comedy, but never settles for despair. And it presents a world which is less a distortion than a distillation of what we know as "ordinary life": a world where there are no checks and balances to prevent the strong annihilating the weak, in the most literal sense of the word. The predators of Auschwitz - opportunistic prisoners as well as their gaolers - have pale but still recognisable counterparts in every walk of life.

Levi adopts the careful tone of a witness, not the thunderous finality of a judge (though that thunder does break through). The determination to chronicle what he had seen gave him the strength to survive; the desire to understand it propelled him into philosophy.



He constantly interrogates the concept of "happiness", and shows why "complete unhappiness" is as hard to attain as its opposite. "Grief and pain hide the lesser behind the greater, according to a definite law of perspective." This permitted their

survival in the camp; and this is why, in ordinary life, it is commonly said that "man is never content."

But if the camp is a university whose core curriculum is the law of survival, it is also a laboratory. The title proclaims the nature of the experiment: *If This Is A Man*. In constant pain, hunger and sickness; deprived of clothes, hair, and name; worked to exhaustion in blizzards; tortured till death seems a soft option - can this still be a man? Levi's gallery of characters show the multiplicity of responses, from the basest to the noblest, which in these conditions are still possible.

Those who admire Levi's work are haunted by his fatal fall in 1987. Did he jump, and if so, why? He

must have been infinitely depressed by the cynicism and corruption which pervaded the post-war world for which he had fought. But he has left, I think, two more significant pointers to this mystery.

The first comes after his laconically dreadful account of the last hanging he was forced to witness. After it was over, Levi and his buddy could not look each other in the face. The hanged man had been a saboteur, defiant to the last. He had been strong, whereas they were conquered, broken, unmanned.

Describing his shame, Levi's very prose seems to freeze over in self-loathing. The guilt of this survivor was crippling.

The second pointer comes at the end of *The Truce*. Back home with his family, he has a repeated dream in which his safe haven

disintegrates until all is resolved in the dread command which ushered in every day at Auschwitz: "Get up!" It is as though the Auschwitz "poison" - which he repeatedly describes as coursing through his veins - must one day, inevitably, kill him.

■ *If This Is A Man* and *The Truce* are available in one volume: Abacus, £7.99.

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BOOKS

Recent Nobel prizewinners have ensured that poetry today has a much higher profile. Our critics review new works and Lives

From pastoral noir to ferocious urbanity

In the first three months of this year *The Nation's* Favourite Poems outstayed the *Spice Girls* books. One might be tempted to conclude that this slim volume, along with titles such as *Poems on the Underground* and Seamus Heaney's *The Spirit Level*, have become the season's new fashion accessories.

Much of this is down to the Nobel Prize committee, which has done its bit for poetry recently by rewarding three poets in the last five years. One of them, Seamus Heaney, has since become a sure-fire bestseller (*The Spirit Level*, The School Bag, co-edited with Ted Hughes); last year's winner, the Polish poet Wislawa Szymborska (*View with a Grain of Sand*, Faber, £3.99) should also become a truly popular poet, for she has the knack of encapsulating nuggets of wisdom which many people look for in poetry: she both debunks and ennobles human aspirations: in "Going Home" the man of the house comes home, says nothing, and falls asleep: "Tomorrow he will give a lecture on megagalactic cosmodynamics. For now, though, he has curled up and gone to sleep."

The Caribbean poet Derek Walcott won the Nobel in 1992 and the *Bounty* of his new book (Faber, £7.99) is the richness of creation in his own island of St Lucia, the constant touchstone of his long distinguished career. The book is framed with two elegies, for his mother and for his great friend Joseph Brodsky, so the limits of bounty are well established. He seems to be preparing for his own end, suggesting that so long as there is someone to notice the "indigo dark before dawn, the fading morse/of freckles and crickets" it doesn't matter if it doesn't happen to be DW any more. After the epic narrative of *Omeros*, in this book Walcott returns to short, highly evocative pieces, his obsessive delight communicating readily to the reader.

The Penguin Modern Poets series is intended to be the answer to the slim volume problem: it offers three poets for a fiver. The selections are culled from several books, so the hit rate is much higher than average, and when the three poets are well chosen the whole can seem more than the sum of the parts. The series has reached Volume 11 (Penguin, £5) and a nifty troika it is: Michael Donaghy, Andrew Motion and Hugo Williams. Williams is the very type of the metropolitan urban wit that has dominated the poetry lists of major publishers for the last 50 years. Looking for plums, Williams' selection includes the adulterer's "Prayer": "God give me strength to lead a double life..." Much of his work has a similar in-your-face bravado.

Andrew Motion has roots in English pastoral but with a post-modern edge of *not-ish* narrative violence. Water courses through his new collection, *Salt Water* (Faber, £7.99), as source, river of life, element of dissolution. Half the book is a prose account of his sailing to Italy in Keats's wake, in which he tries out the mode of Romantic escapism mocked by his mentor Larkin: "crouch in

the fo'c'sle, stubbly with goodness". The other half features poignant poems of mid-passage. Michael Donaghy is Irish-American, longtime resident in London and the sound of Irish music infuses his poetry. He very effectively celebrates significance emerging out of chaos, the radio "drifting through frequencies, Suddenly articulate with Mozart."

In last year's BBC poll of the Nation's Favourite postwar poem, Jenny Joseph's "Warning" ("When I am an old woman I shall wear purple") polled twice as many votes as the next poem. Joseph's new book *Extended Similes* (Bloodaxe, £9.95) is not the obvious cash-in you might have expected, being a series of philosophical prose meditations. But *Extended Similes* has the note of absolute veracity you find in Primo Levi. The book is concerned with the way the material world becomes enmeshed with our emotional life: a woman waits for her lover at the same place every time and watches a crane busy over a building site – the building and affair are finished simultaneously.

Germany's leading poet Hans Magnus Enzensberger (*Kiosk*, Bloodaxe, £7.95) has perfected a voice of ferocious urbanity, laying bare the horrors of the modern German state ("It is forbidden to set fire to persons") and resignedly picking out stark canons of the human condition. "In Memory of Sir Hiram Maxim" commemorates the inventor of the machine gun, which Enzensberger first encountered in a ditch in 1945 whilst being strafed by a plane – "we did not appreciate his invention". Enzensberger's range is summed up in "Address Unknown", an intellectual's My Favourite Things, in which he gives thanks "for the number e, for my dose of caffeine, and, of course, for the strawberry dish painted by Charadin".

Selima Hill has developed a wacky formula for dealing with highly recognisable emotional states. Half of *Violet* (Bloodaxe, £6.95) is about her sister, half about the breakup of her marriage, and the second is the more interesting. Jealousy, love hanging on after the breakup, the fantasies of ingenious revenge on the new lover have never been so gamely expressed: "This feeling I can't get rid of... I'd like you to smear this feeling all over and into her naked body like jam and invite the whole world's wasp population... to enjoy her."

And finally, a newcomer: Jane Holland (*The Brief History of a Disreputable Woman*, Bloodaxe, £6.95), who comes trailing clouds of promise and a novel marketable angle. She turned to poetry after having been expelled from the Women's Snooker League for allegedly bringing the game into disrepute. Poetically she puts the balls down with an elan rare in new poets, acknowledging the irreconcilable schism in her life: "What started as a sideways look/will run for life, for disrepute".

Peter Forbes



Saintly skyscrapers: 'City, thy Name Be Blessed', a 1934 photograph by Adolf Fassbender, one of the earliest exponents of photography as a mass art form. "How few of us can succeed in making beautiful pictures by brush and paint – but how many will be able to express their artistic thoughts in pictorial photographs." From 'After the Photo-Secession' by Christian A. Peterson, Norton, £22, 216 pages.

Monkish bard of Orkney

A part from some youthful trouble with drink, and the occasional run-in with the police on that account, George Mackay Brown lived a quiet, undramatic life during which he wrote heroically, epically and sometimes sentimentally. He died last year, but this memoir had been written in 1985. He added a brief appendix in 1993, three years before his death.

He rarely left Stromness and derived his essential inspiration from the landscape and legends of Orkney. His autobiography opens with the execution of Earl Magnus by Earl Hakon, and ends with an invocation to Magnus for his prayers. If Scotland is another country, the Orkney of George Mackay Brown is yet another still – a waste of seas and a desert of islands, elemental in its mythic immensity, drearily vacant and restricted in its everyday compass.

Mackay Brown's young life was restricted by tuberculosis. There is a tender account of his strong-minded, stoic Gaelic-speaking mother and his gently radical and cheerful father, who worked first as a tailor, then as a postman, and urged humility on his children.

Of his early education, Mackay Brown has nothing much good to say: "there was nothing amiss with the primary aim, which was to teach all children the three

Rs... But afterwards it was like a great mill grinding out sterile knowledge; there was no room for delight or wonderment...." Nevertheless, in the late 1930s he spent four years at Edinburgh University and, at the age of 30, he attended Newbattle Abbey to study under Edwin Muir and his wife Willa. Muir's influence was crucial, helping Mackay Brown to first publication in 1939, of the book of poems *Loaves and Fishes*.

It was coolly received, and he was particularly hurt by a review which suggested the influence of Edwin Muir: "In fact, no two kinds of poetry could be more different. Muir adventures deep and far into the racial memory, and the treasures of image and symbol he brings back are steeped in the purity and light and tranquillity of the beginning. My poems have a much narrower range in time – a thousand years maybe – and they celebrate as best they can 'whatever is begotten, born or dies' generation by generation, until they stop with memories of my father and his letters and tailor's shears. I find it impossible to write about the Orkney of oil and uranium deposits."

Apart from his crush on Stella Cartwright, a poet's moll and muse, a familiar of Mackay Brown, MacDiarmid, Sydney Goodsir Smith, Norman MacCaig and able to match them drink for drink, there is no suggestion

that Mackay Brown ever achieved a full emotional and sexual relationship with a woman. If we look for sentimental whimsy, we find it in the embarrassing "Letters to Gypsy", his cat.

Throughout Mackay Brown's work there is a profound strain of twopenny that compromises and sentimentalises the power of mythic inheritance and the ele-

ments of historical inspiration. His austere mode of living was monkish rather than priestly; he did not serve the Orkney community as a participant; rather, he lived among the people of Stromness, simply, as a celibate.

George Mackay Brown's work, for all its richness, is cerebral – he writes out of spiritual, mental responses, rarely from the richly emotional and physical. This curious detachment – perhaps partly accountable to illness, partly his virtual virginity – gives a remoteness to his work that is not found in his more robust urban contemporaries among the Scottish poets. He is in his way, a literary Luddite, now and again (like his school-teachers) learned, puritanical

and somewhat humourless in taking it for granted that "genius will out". Like most Scots, Mackay Brown was – in the best sense – a common man: he took the view that "the best people I have known, the richest and truest characters, were farmers, fishermen and sailors." The lives of authors, he says, "are not greatly different from the lives of plumbers; except that, in the romantic age, writers struck poses and behaved in wild eccentric ways – not so much because these aberrations were a part of their nature as because the public expected it of them."

Mackay Brown's autobiography, which he refused to publish during his lifetime, is the story of a modest, monkish man. The book is non-revelatory in the sense of sensationalism. But what was there to reveal? What postponement until after death may reveal is a surprising streak of vanity: the sense of saving something up for posterity is oddly, incongruously vain and self-aggrandising, never mind the fact that he has little enough to say for himself – and less to say about himself. It is an act almost of aggression to be so self-effacing. But, like any good Norse hero, he may have intended – as a Scottish critic has suggested – to leave life with a good report of himself.

Iain Finlayson

Verse and virtue

Byron liked to point out, with satiric intent, that Southey rhymes with "mouthey". If anyone is responsible for the eclipse of Southey's reputation, it is Byron, who cruelly lampooned Southey's official effusions as poet laureate, most famously *A Vision of Judgment*, thereby confirming what many suspected, that Southey's ability as a poet was at best uneven, and always insecure.

Today Southey is remembered for his friendship with Wordsworth and Coleridge, and for three successful short poems, "The Battle of Blenheim", "The Inchcape Rock", and "My Days Among The Dead Are Passed". These would find their way into any comprehensive collection of English verse; the first of them is a potent anti-war statement, and does honour to the aspect of Southey, manifested chiefly in his early life, which was radical, utopian, and opposed to all oppressions from school floggings to slavery.

In Mark Storey's account, it was Southey who led the way politically in his early friendship with Coleridge. They dreamed of sailing abroad with like-minded companions to found an ideal society. They married each of a pair of sisters. They influenced one another poetically; Southey first used the ballad-measure that Coleridge and Wordsworth later employed to immortal effect. And they were alike in reneging on their early radical and republican enthusiasms, becoming politically conservative, for which Hazlitt and Byron excoriated them.

Southey early withdrew from society to live with his wife and

ROBERT SOUTHEY:
A LIFE
by Mark Storey
OUP £25, 405 pages

children in the Lake District. Here he devoted himself to study, writing much ephemeral journalism, a history of Brazil, biographies of Wesley and Nelson, and second-hand miscellanies of learning. His great poetical endeavours were epic poems: "Thalaba The Destroyer" (1801), "Madoc" (1805), "The Curse of Kehama" (1810), and "Roderick The Last Of The Goths" (1814).

There is something deeply Pythonesque about these vast, over-strained, unreadable awful concoctions; Southey took them very seriously, but history has been kind to his crimes against poetry by cloaking them in a grateful obscurity. In 1813 he was appointed poet laureate in succession to Henry Pyle ("the author of 'Alfred' and many other volumes of worthless verse," as Samuel Chew remarked; so Southey was in apt company), and although his early radicalism came briefly back to haunt him when some early revolutionary scribbles were unearthed by the press, he remained a pillar of the establishment, even being offered a baronetcy by Pitt.

There are two chief things to say in Southey's favour. He wrote beautiful prose, and he earned the respect and sometimes affection of a number of distinguished contemporaries and successors (among them Walter Savage Landor, Charlotte Brontë and Thackeray) for his domestic virtues and his dedication to a life of learning and letters. Storey tells us much about this second matter, quoting Landor's moving epitaph, and Thackeray's wish: "I hope his life will not be forgotten, for it is sublime in its simplicity, its energy, its honour, its affection."

Storey could have encouraged more reading of Southey's prose, especially the miscellanies and the life of Nelson, which latter, although now far superseded as to fact, judgment and thoroughness by more recent biographers, is a gem of lucidity. Southey ranks with Addison in the purity of his style; he lacked the intellectual gifts of a Hazlitt just as he lacked the poetic gifts of a Keats, but admirers of technical excellence in writing will relish him.

Southey's biographer does not share those writerly skills. In his rehearsal of the facts and dates he does a workmanlike job, but is less successful in bringing to life the man, the mind, the personality behind them. This is more a fault of the telling than of perceptiveness; with commendable scholarship Storey has amassed and combed a mountain of data, but it is patted and plopped together as with a large wooden instrument. And for all the personal virtues that prompt Storey's affection and loyalty for Southey, one cannot help feeling that he tries too hard: Southey simply does not belong in the pantheon, and is destined to remain, where he has already long been placed: among the footnotes to Coleridge.

A.C. Grayling

Made of the right stuff

J.D.F. Jones on the manly mythologies of Harvard

Owen Wister's *The Virginian* is the most important of all cowboy novels, one of the most popular books ever published. Curiously, it is the product of Harvard – that elite university a world away from the pioneering west. The point that Kim Townsend is making, in a fascinating new book, is that "The Virginian" is not about cowboys so much as about a particular kind of manhood, the kind that Harvard had had in mind for years.

Harvard pretty well invented the concept of "patriotic American manhood" in the years after the Civil War. At the heart of this process, and the central figure in this process, was William James, philosopher, psychologist, essayist, superb teacher, and brother of Henry. Around him Townsend arranges a cast of similarly brilliant Harvard men including Oliver Wendell Holmes Jr., Henry Adams, George Santayana, the black W.E.B. du Bois

and – the most famous, and the loudest, of Harvard's alumni, the very voice of manhood and the author of the phrase "the right stuff", Theodore Roosevelt.

James turns out to have been a slow starter in the manhood stakes. He contemplated suicide, he had difficulty in deciding on a career, he was always defensive about marriage (and sex), but eventually, in his 30s, he proved himself as a man, a gentleman, even an outdoorsman. He quoted Carlyle: "Stop your snivelling complaints and your equally snivelling raptures! Leave off your general emotional tomfoolery, and get to WORK like men!" He never looked back, just like – but so unlike – his brother. Townsend takes us through what amounts to a history of

Harvard, and of James's circle, drawing together the teaching and the heavy emphasis on "manly sports". He argues that many of these men damaged their lives in trying to be "manly"; he brings in Radcliffe College, and shows how Harvard remained so backward in its response to the women's movement of the late 19th-century because it esteemed manhood so excessively.

Both Theodore Roosevelt and Owen Wister found it necessary to go west in search of this all-desirable manhood which James had taught to them. In 1902 *The Virginian* was dedicated by Wister to his friend, now president. The cow puncher as romanticised by Wister was, in Townsend's words, "the simplest and most

MANHOOD AT HARVARD: WILLIAM JAMES AND OTHERS
by Kim Townsend
Norton £19.95, 318 pages

WOMEN AND THE COMMON LIFE
by Christopher Lasch
Norton £15.95, 196 pages

enduring construction of manhood that emerged during this period". It is a mythic image which has survived, and profoundly influenced America's culture, for better and worse, to this day.

Christopher Lasch, the distinguished American cultural histo-

rian, died in 1994. His daughter has edited a small selection of his essays, some of them no more than extended book reviews, under the title *Women and the Common Life*, with the explanatory sub-heading *Love, Marriage and Feminism*.

Their subjects range from medieval courtly life and 18th-century clandestine marriage through to the rise of suburbia and the present post-feminist fashion for "men's studies" (not ignoring Robert Bly of *Iron John*, which Lasch rather surprisingly defends). He also touches on the Harvard manhood phenomenon, making the typically astute point that "these men were more alarmed by the declining influence of their class rather than by threats to their masculinity..."

Lasch was always happy to court controversy. Here, for instance, he rejects the convention that the 1960s were a watershed for women, arguing instead that the "old days" have been misunderstood and that the feminist revival was a response to post-war suburbanisation. He rubs it in by declaring that the feminists have been "corrupted" by cosmopolitan capitalism. "A feminist movement that respected the achievements of women in the past would not disparage housework, motherhood, or unpaid civic and neighbourhood services. It would not make a pay check the only symbol of accomplishment..." It would insist that people need self-respecting, honorable callings, not glamorous careers that carry high salaries but take them away from their families...

This from a man who was a 1960s radical activist! I don't doubt that he is unfair, and probably wrong, but it was a typically provocative way to bow out.

Love affair with China

William Packer reviews Shi

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ARTS

Promenade concerts/Stephen Pettitt

One in the eye for the prophets of doom

Contemporary classical music may suffer its share of economic problems and pressures to dumb down to superficially glossy minimalism. But a programme like Wednesday's late night Prom by the London Sinfonietta under its Principal Conductor Markku Stenroos proves that real creativity is an unquenchable human instinct. Prophets of our musical doom are as off-kilter as a Russian space station. There were five pieces, all written by British composers in the 1990s, and played with expertise and understanding. At their heart rested Sir Harrison Birtwistle's *Ritual* (1990), his touching homage to the memory of Michael Tippett for long the Sinfonietta's artistic director. Performed in the arena, the piece sucked its audience

into its still centre, more intimate than secret, bass drum strokes signalling the music's arrival and departure, and each player rising to deliver a tailor-made musical homily before taking the place of his or her opposite number across the floor. This solemn, beautiful ceremonial had been preceded by very different music. The first work, Oliver Knussen's *Two Organs*, Op 27 (1994), started life as a single, ingenious miniature for a two-octave Dutch musical box with no black notes, but was subsequently orchestrated and

supplemented with a second piece using all of the chromatic scale. It is brilliant, crystalline, resourceful music, just as are the organs of Perotin, its acknowledged 12th century forebears. And eight centuries after Perotin, it asks the same basic musical question. What is decoration, and what is substance? Simon Bainbridge's lush-textured *Landscape and Memory* for horn and ensemble (1995), music of less frenetic energy, adds other spins to this conundrum. Details - decorative or substantial? - surface and dive.

Material is observed and re-observed from different angles, compromising our usual concepts of motion and time. A second horn distantly echoes the first, and near the end the principal soloist's sound-colour is distorted by three amplified, sympathetically vibrating snare drums. This music's horizons seem to go far beyond what we actually hear. Michael Thompson was the excellent soloist. Later, the refined, complex yet clear textures of George Benjamin's *Three Inventions for chamber orchestra* (1995) acted as a substantial prelude to

Thomas Adès's *Living Toys* (1993). Twenty-two is a rather young age to be writing a *symphonie fantastique*, which is what Adès's realisation of a child's dream, with its Berlioz-like obsession with nightmare military marches, grotesque deaths, and funeral cortèges, amounts to. But Adès carries the whole thing off brilliantly. And so did the Sinfonietta. The following evening the Finnish conductor Osmo Vanska brought his burgeoning reputation and the BBC Scottish Symphony Orchestra to the Proms in a programme dominated by

Sibelius's massive Kullervo Symphony of 1892. This was given a well-shaped, if not entirely clean, reading, enhanced by the magnificent singing of the Helsinki University Male Chorus and, by radiantly coloured and intense performances from the soprano Kirsi Tiitonen - who before the interval sang the solo in the tone poem *Luomotar* (1910) - and the baritone Jukka Rasilainen. But there was an intriguing opener: the London premiere of the same composer's orchestral ballad *The Wood Nymph*, of 1894. The programme note complained that Erik Tawaststjerna's study of Sibelius's music devotes only a paragraph to this piece. But perhaps a paragraph is right, for although the work has some fine, strong ideas, unlike Kullervo it seems awkwardly structured, ultimately unfulfilled.

Love affair with China

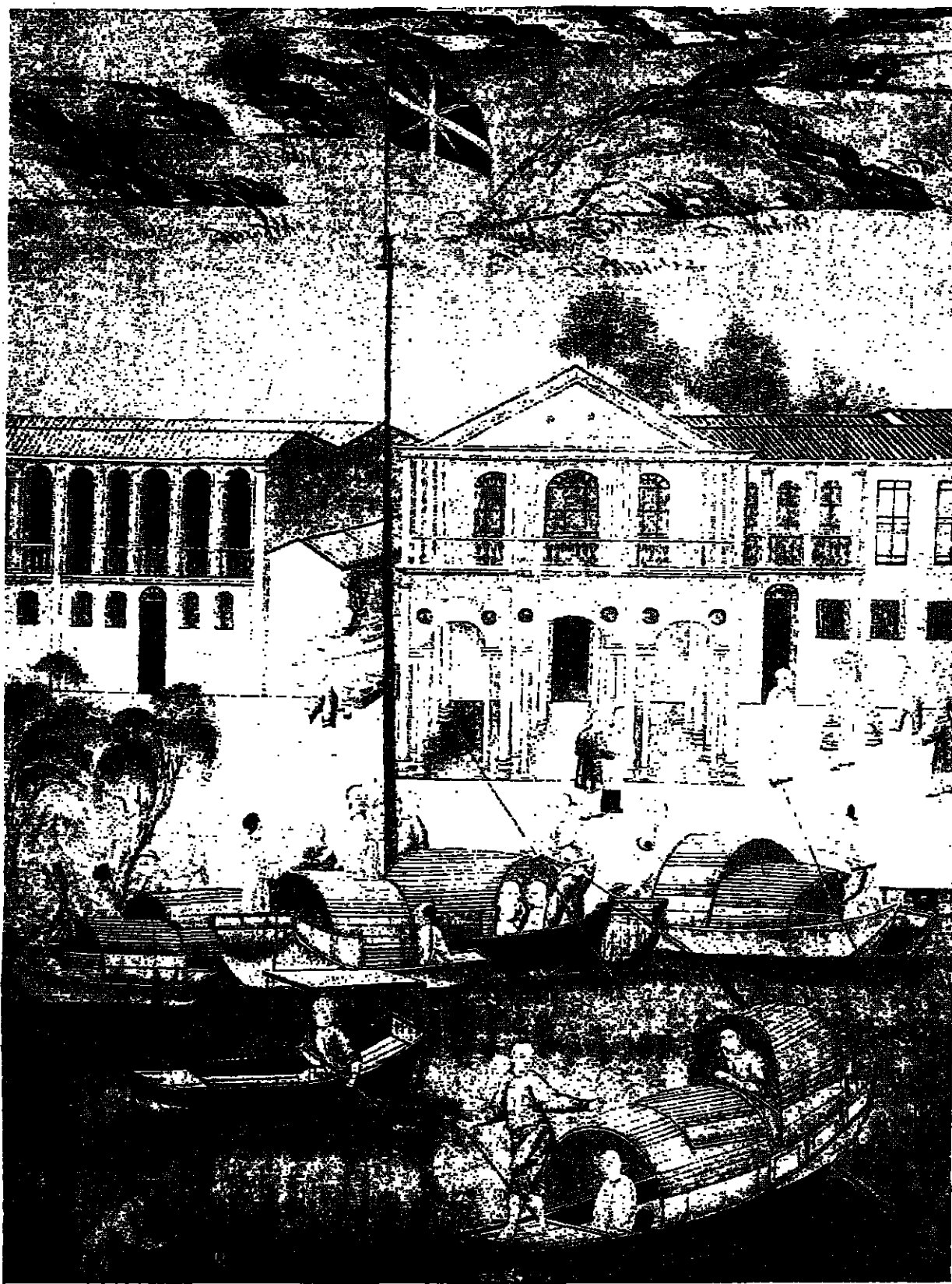
William Packer reviews small, exotic exhibitions in Edinburgh

A delightful as any of the smaller exhibitions in Edinburgh this Festival time is *Précious Cargo* at the Royal Museum of Scotland, a display at once intriguing in its topicality and seductive in its content. Subtitled *Scots and the China Trade*, it tells clearly and concisely the history of the sea-borne trade between Britain and the Far East, from the time late in the 16th century when William Carmichael first sailed into the Portuguese trading settlement of Macau, at the mouth of the Pearl River, right up until today and the return of Hong Kong to the Chinese.

It is a complicated story now too often muddled and misrepresented by post-colonial prejudice and correctness. Thus it is both timely and extremely helpful to be taken through the days of the East India Company, the technicalities of dealing with the Chinese through the closed port of Canton, the Opium Wars and the foundation of Hong Kong. And a quite disproportionate number of the men involved turn out to have been enterprising Scots - that first Carmichael; Lord Macartney, whose abortive embassy to Peking in 1794 failed to open up China to general trade; James Drummond of the Company, who brought back hand-painted wallpapers of Chinese village scenes for his house in Scotland; those two 19th-century businessmen, William Jardine and his partner, James Matheson.

The trade included silks and spices, but its staple was tea, that by the end of the 18th century had changed the drinking habits of the entire nation for ever. But such light cargoes required a weightier ballast, which Chi-

nese domestic porcelain was conveniently on hand to supply. And from being simply what was to hand, it came increasingly to be manufactured specifically for the western market, even to the depiction of western characters such as killed soldiers, or armorial bearings to order, should one be so grand. Such "Blue-and-White" is even now part of the very fabric of our lives, that ginger-jar on the shelf, tea-pot and caddy, the pile of willow-pattern plates, "china", the very word embedded in the language. And here it all is, familiar, beautiful, exotic stuff.



'The British Factory at Canton': detail from a panel of hand-painted Chinese wallpaper, c. 1775

in the studio but sketch-book material for the most part, taken before the subject, that shows an ever-developing confidence and command of form and structure. The larger water-colours are especially impressive, at once vigorous and disciplined. If we don't yet see quite what was to come, we are not surprised in our knowledge that it would.

Other exhibitions, too, warrant recommendation. John Houston, at the Scottish Gallery, is showing new landscapes and still-lives that fully demonstrate his expres-

sionist powers and quality. Direct heir in some respects to Fergusson and Cadell, in others to Nolde and Mark Rothko, he is a secret that Scottish art keeps too jealously to itself. Calum Colvin, at Portfolio, is a younger artist of rather broader reputation. His work, in its final statement, is purely photographic, but he has long made play between sculptural fact and pictorial illusion. His practice has been to set up a complex tableau into which he imposes a contradictory image painted across the

component elements. He then photographs the whole in such a way as to restore the pictorial integrity of the image within the clearly three-dimensional matrix. In this new work he has for the moment abandoned the painted element for one that is photographic, but stretched and distorted by electronic magic to the point of dissolution as, again, it is woven into the fabric of the three-dimensional tableau. As with art of any kind, Colvin's is the more persuasive the less concerned we are with the means by which it

Radio/Martin Hoyle

English eccentrics

Despite a Labour government whose artistic credentials - soap stars, Blur, TV chefs - are in essence no different from its predecessor's - Cilla Black, Cliff Richard, Andrew Lloyd Webber - indeed, possibly not as musical, culture battles on thanklessly in Britain. It being summer, Radio 3 has been bringing its popularising touch (of which, we gather, more in the months to come) to Glyndebourne where, as the late Professor Edward J. Dent, musicologist and observer of the operatic scene, famously remarked, "even the peonies have swelled heads".

In fact the tutelary dynasty of that improbable opera festival in the Sussex countryside sound exceedingly nice and totally dedicated to their art. The *Christies of Glyndebourne* (this afternoon: episode six of eight) please everyone: market-force freaks, since their extraordinary feat was achieved with no public funding; opera buffs, since their standards are high, indeed trail-blazing, with an emphasis on ensemble and long, meticulous rehearsal periods; and those who enjoy the spectacle of English eccentricity winning against all the odds. The programme is presented by James Naughtie with the verbal equivalent of the undisciplined arm movements he brings to moments of excitement on television. His words get excited too. A few weeks ago he was so thrilled at meeting a plain English campaigner on *Today* that he promptly coined "jargonisation" and "clarification" - a pretty compliment which caused her, coyly flustered, to get her similes all confused with her simplistics.

Another heartening series is Radio 4's *State of the Arts*: brisk, lively, casting its net wide, preciosity-free, it got off to a cracking, breathless start by stating the questions it would ask: what is art for? What is the use of it? Do governments have a policy? Why? References took in the Baroque, St Ives, cave paintings, desk-top publishing, football culture and that *sine qua non* of radio aspiring to the cerebral, Lisa Jardine waffling *con bro* which doesn't mean cheaply - oh, I don't know though.

Yorkshire Playhouse compared personal and public roles in a way that boded if not ill then earnest for the rumoured municipalisation of her production of *Leicester's Love* at ENO next season. John Ashworth of the British Library talked of evolution, bonding, social make-up. Patrick Heron said art was as objective as science though personal as a product of the senses and the body. The artist who worked on the pavement design of Birmingham's Centenary Square wanted to "take things away", there was "too much junk and crap". An American artist involved in the Bristol 2000 scheme dismissed the narrative and figurative. It was all exciting, wide-ranging, refreshingly free of London navel-gazing, and enough to turn James Naughtie into Mrs Malaprop for good.

I have had no chance to lament the passing of Vincent Hannah though this column's recent references to *Mediumwave* may have suggested how irreplaceable he is. Another voice so individual that radio can claim him as much as the other acting media is Brian Glover. Radio 4 recently repeated *Gift from the North* as a Saturday night tribute to the sturdy Yorkshireman who always looked the ex-wrestler he was but managed to ring astonishing variations on northern cussedness and, believe it or not, sensitivity. This Victorian anecdote about a working chap hoaxed into taking a surgeon he has caught down south to the Queen-Empress began a trifle twee: hush-hush military experiments using balloons sounded too obvious a caricature of RAF types, much of the dialogue sounded modern, and there was a pawky moment when the sentry at Buck House was recognised as a fellow tyke ("Ee, it's Raymond from down our street"). But the final effect was charm and good sense, a tale of old scores settled and an old soldier's wooden leg planted in the countryside and sprouting into flower. Them's great softies, them Yorkies, Geoff Boycott, Charles Laughton, the Brothers, Freddie Trueman and the Emperor Constantine notwithstanding.

Television/Christopher Dunkley

The question of violence

At last: the facts have been established and the headlines have said it all. "Official: violent videos cause crime" stated the front page splash in last week's Sunday Times. "Movies 'can make young more violent'" echoed the Daily Mail on Monday. So, after all these years of to-ing and fro-ing, we have it for a fact, and the answer to society's ills lies

plain before us. If crime is caused by violent videos (or pictures on a screen) all we have to do is rid ourselves of them and - Abracadabra! - no more crime. What could be simpler?

Unfortunately, within a couple of paragraphs, you find the black-and-white claims of the headlines dulling down to a muddy grey. "Provisional findings, due to be published in October, show that violent offenders are more readily influenced by violent videos than other young people", says the second paragraph in the Sunday Times. Paragraph six in the Mail explains "Provisional results show that people with a violent past who are shown video nasties are more likely to remember the details of any vicious acts and identify with the perpetrators".

So now, instead of the clear statement that violent videos cause crime, we have a provisional finding that, if you show violent material to that small proportion of the population already known to be violent, they will be "more readily influenced" than their peers. The most specific claim comes from Dr Kevin Browne, co-author of the report, who is quoted as saying "Videos cannot create aggressive people, but they will make aggressive people commit violent acts more frequently". It is hard to

imagine how even this statement can be properly substantiated, given the difficulty in excluding all other influences and maintaining a control group.

But assume the claim is right and that the report really will say what is being predicted. Is it news? Does it come as a surprise that we have not heard before? Far from it. Anyone who has kept even the most casual eye on this subject over the last 25 years will have seen these assertions made over and over again. There is now a large body of material on the subject, some of the more interesting books being *Television And Delinquency* (Halloran, Brown & Chaney), *Violence On The Screen* (Glucksmann), *Violence On Television* (BBC), *Mass Media Violence And Society* (Howitt & Cumberbatch), *Screen Violence And Film Censorship* (Stephen Brody), and *Dimensions of Television Violence* (Gunter). Above all, in this particular instance, Belson's *Television Violence And The Adolescent Boy* made a case

in 1978 which sounds startlingly similar to this new one.

What is so infuriating is that each time the case is presented we get bogged down in another argument about whether you can prove definite cause-and-effect. It seems pretty obvious that the answer is no, since there are so many contributory factors in such a complicated phenomenon. But why argue about it? Surely common sense tells us that if you keep on showing violent material to abnormally violent people you may well help to reinforce their feelings about violence. Not that the effect is uniform: the more violence you show to Mary Whitehouse, the more opposed to it she becomes. But let us accept that, for a small number of people, violent images will mean a greater readiness to participate in violent activities, and begin the debate from there. The question then is: do we want all videos, movies and television to be made to suit the needs of a few violent delinquents?

It is not such a baffling or unusual problem. We know that some children, and per-

haps adults, too, will be harmed or even killed every year if weedkiller, bleach and sharp kitchen knives remain on sale to the public. They could be banned, but we accept that this is a tough world and there is a price to pay for having such things available. It is not unreasonable to argue that freedom of expression, including the freedom to depict violence, should remain available despite the risks (probably less significant than those attaching to weedkiller, bleach and knives) in a similar trade-off.

If, however, the answer is yes, we do want all videos, movies and television to be made to suit the needs of violent delinquents, then we are faced with the familiar problems of taste and definition. Doubtless any new censorship board would not even need to think before banning *Driller Killer*, *Zombie Flesh Eaters* VII. But what would they do the next time the BBC wanted to screen *King Lear* complete with the putting out of Gloucester's eyes, or *Titus Andronicus* with its rape, mutilation and cannibalism, not to mention such routine matters as torture and multiple murder? Murmur "Never mind, the olds won't understand?" Or ban Shakespeare along with the Bible and all those dreadfully violent news programmes?

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ARTS

A hundred words for a hundred years

Antony Thornecroft finds the avant-garde at full throttle in Salzburg

Gerard Mortier, artistic director of the Salzburg festival, is attempting to shake his conservative local audience out of its cultural mind-set by ending this year's festival with a barrage of British artistic bravura. In quick succession come the latest stage work by Peter Greenaway, *100 Objects to Represent the World*; the first Salzburg performance of Britten's *War Requiem*; and the premiere of Sam Mendes' National Theatre production of *Othello*, in English.

The Greenaway is a reworking of the show that he first presented in Vienna in 1992, in which he attempted to evoke the 20th century through key objects. Then he filled the Hofburg

Palace with curiosities like a crashed plane, a severed head and 100 sets of teeth. And the public came to gawp. Now they sit before a cluttered stage, frozen by an opaque curtain, and the experiences of a century come to them. It is compelling, as 100 words are tossed into the imagination, all with added connotations, all capable of dramatic presentation and all bolstered with ethereal electronic music from Jean-Baptiste Barrière, dazzling colours and multi-media excitement. We are helped on the

Journey by Adam and Eve, rising naked onto the stage in a glass lift, and with a Mephistophelian figure who attempts to put a depressing gloss on the past 100 years.

Greenaway has a quirky humour and as a word like "field-gate", marking off territory, leads remorselessly to "keys", "wall", "prison", "gibbet" and "gun", we can easily follow his argument. Unexpected props, from a baby to a hot bath, keep monotony at bay and clever wordplay ensures that 100

different and touching emotions are thrown at the audience. Of course, 100 other words could be concocted and a similar experience delivered, but this is the avant-garde at full throttle, giving fresh insights into life - and death. It will tour and be admired throughout Europe.

On Tuesday night, the BBC Symphony Orchestra riveted a very different Salzburg audience - the black tie and backless dress brigade - with a performance of Berlioz's *Symphonie Fantastique* before the War

Requiem on Wednesday. This is the orchestra's first visit to Salzburg, the fruit of conductor Andrew Davies' and the BBC's endeavours to raise the international reputation of what, a decade ago, was London's fifth and forgotten orchestra. Now it is the driving force of 20th-century and British music, and before the Berlioz the audience was jolted by George Benjamin's *Ringside by the Flat Horizon* and Bartók's *Violin Concerto* played by Viktoria Mullova.

Salzburg will wrap up another

successful festival next week. The revenue budget of Sch300m (£15m) might be missed by a mere Sch5m, but this is a great achievement given the three 20th-century operas included in The 1997 programme. Unlike Edinburgh, Salzburg has no self-generating Fringe. Instead it has the *salzburger* in which the festival gives money to cutting-edge directors and lets them get on with it - hence Peter Greenaway. It has proved such a success that what had been a biennial event becomes annual in 1999. Perhaps this Fringe is corrupted, but it does produce well-financed major events of real impact; a striking contrast to Edinburgh where anything and everything goes. Fringe seems to produce inconsistent results.

Edinburgh Singers, strings and chamber gangs

One of the things nobody misses about the old Edinburgh Festival is the Promenade Hall's morning recitals. For several years now the refurbished, elegant Queen's Hall has offered not only a more comfortable venue, but a far happier acoustic - lucid and balanced, if a touch dry.

Probably a warmer acoustic would have done more for Jennifer Larmore's strong mezzo in her recital on Monday. She began with dramatic Handel, slightly harsh, and some Purcell (including the slowest "When I am laid in earth" that I can recall). Her voice warmed up, though not the acoustic, for some folk-ish Hispanic songs and Rossini's funny dialect-triplet "La regata veneziana", though the audience insisted on stopping her to applaud each of its sections, as they did every other song.

That was rather invited by Larmore's effusive acting-out of each one - an American habit that we could have done without, appealing though she is. Her accompanist was Antoine Pelloc, alert but competitive, and often hard-fingered. Together they were at their best in Gounod's "L'absent", worst in a noisy, overblown attempt at Fauré's "Fleur jettée" - shocking from an educated French pianist.

Curiously, the sound of solo strings thrives better in the Queen's acoustic, clinically intimate though it is. Thomas Zehetmair's violin captured everybody's ears on Saturday, and wouldn't let them go. That might of course have had something to do with artistry.

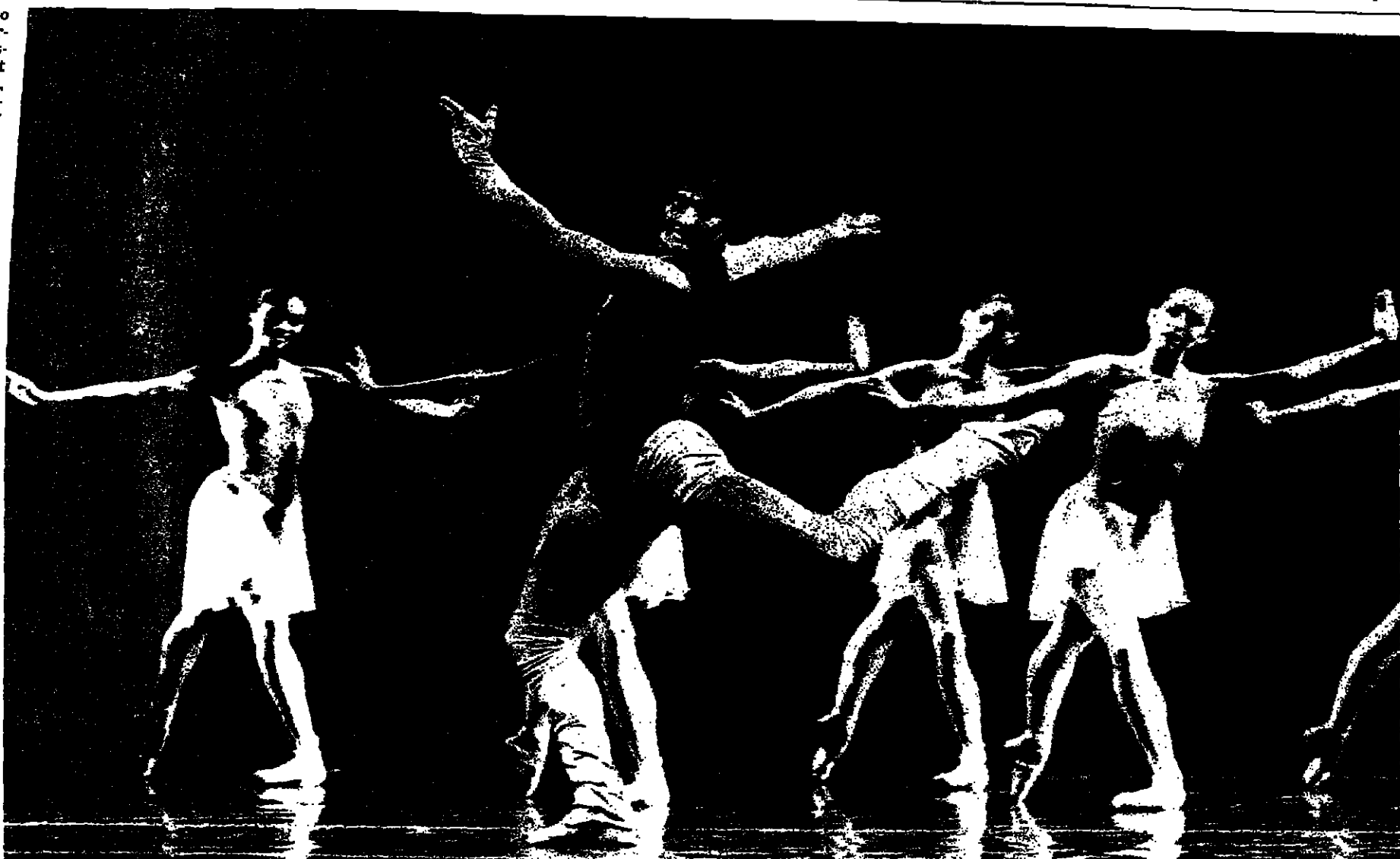
Besides playing Biber, Paganini, Ysaÿe and even Locatelli with unfurlingly imaginative spring, he forced us to hear Heinz Holliger's tough, dense *Trema* (1981) as a major work. And Bach's great D minor Chaconne made a provocative contrast with Maxim Vengerov's account (in his Wigmore debut, aged 17): Vengerov monumentally grand and sonorous, Zehetmair lean, nervy, exploratory, infinitely suggestive.

On Tuesday and Wednesday we had one of those international chamber-gangs of friends - a boon, generally speaking, because they explore repertoire that standard trios and quartets rarely try. The violinists Joshua Bell and Pamela Frank joined Taban Shimmaz and Steven Isserlis on viola and cello, with Stephen Hough at the piano one day and Alexander Lonquich the next (less brilliant fingers, but ripper character).

They were big and bland in Mendelssohn's D minor Piano Trio - which must hold the record for incessantly repeating its tunes; fiercely urgent in Schumann's matching trio, painfully acute with Mendelssohn's last string quartet and sumpily despairing in Elgar's late Piano Quintet. (Not a real, polyphonic quintet, but a string-band elegy with piano reinforcement, in which Bell gallantly played second fiddle.)

The refreshing rarities went to Frank and Zimmerman. One of Mozart's two masterly violin-and-violoncello duos, where we wanted only the ingenious canon in the finale to be more incisive; and Martin's remarkable *Three Madrigals* from 1947, rcherches and quirkily developed beyond anything you might expect in this restricted medium. Both these concerts offered first-class festival fare, well off the standard string-quartet conveyor-belt.

David Murray



Matters more serious: David Palmer and company in David Bintley's 'The Dance House', concerned with AIDS

Dancers at ease and in angst

Clement Crisp on the San Francisco Ballet's varied Edinburgh programme

trapped in a soap-opera. Just one more anguished pose and the whole thing could have been condemned as cruelty to dancers.

A second programme suggested rather more about the abilities of the company, at ease with what they were dancing and happy as an ensemble. Mark Morris's *Drink to me Only* is ingenious and charmingly responsive to its score - a collection of Virgil Thomson's witty piano studies. We saw it a decade ago with

American Ballet Theatre (Baryshnikov its heart), and it comes back to us as fresh and delightful as ever.

Daniel Waite is placed centre stage at the piano, and plays with tremendous élan. The white-clad dancers frisk and sail over and above the stage. It is a honey of a ballet, sweetly made, sweetly danced, with Christopher Stowell roaring into Baryshnikov's solos like a young hero, and Katita Waldo again stealing my attention by the clarity of her dancing.

The central adage is a beautiful duet for Joanna Berman and Stephen Legate, but Bintley only just manages to pull off the final movement as an increasingly desperate dance against time, fate, death itself.

The piece would, I suspect, make more powerful effect if it were not designed (by Robert Heindel) with egregious vulgarity. The Blue Devil is a nasty idea; so, too, the fact that dancers bear broad red stripes from chin to navel. It needs a more austere look.

Tomasson's *Crisis-Cross*, which ends this second bill, is two ballets spatchcocked together. The first part is a *fiute galante* using Charles Avison's string arrangement of Scarlatti sonatas. The cast are in vestigial baroque dress and Katita Waldo and Roman Rykin lead the dance with a great deal of elegance and happy steps.

Alas, we come then to a Schoenberg arrangement of Handel, which is not a marriage made in heaven, and

which Tomasson realises through an awkward modernism that does not seem to reflect what Schoenberg has done to Handel - in itself no admirable thing. Where the Avison section is fleet, well-made, light and bright-spirited (and excellently done by its cast), the later section looks skewed, and so do its incumbents.

Edinburgh Playhouse. Sponsored by Dundee Building Society and by Mrs M.K.A. Smith.

As the Edinburgh Fringe hots up our critics find much to make them laugh, cry, and applaud

Kerry Shale is a consummate actor, and part of the rich comic pleasure of his show, *Prince of West End Avenue* at the Assembly Rooms, is the way he fleshes out his narrative by giving us half-a-dozen different characters. Mainly he is Otto Korner, the 83-year-old German-American Jew whose story this is: a story of rehearsals for the *Emma Lazarus Old Vic* amateur production of *Hamlet* in Brooklyn, of all its far-from-young Jewish actors, of Otto's own modest ambition to play the Prince, of the pro-semitic changes to Shakespeare proposed by

some of his colleagues and the outrage voiced by others. ("A schmata merchant changes Shakespeare?"). The other characters are played for as not by Shale but by courteous, aged, ironic Otto, a play-within-a-play with great charm.

But *Prince of West End Avenue* is not, you gradually discover, a comedy at all. Threading through Otto's wry, noble account of all the

shenanigans around these rehearsals erupt the intimations of his own mortality, and the memories of the past. And this past, which becomes larger, and occupies more and more of Otto's present, leads him to the life of German Jewry under the Nazis and his own fierce refusal to acknowledge what was coming. The suicides of his parents; the deaths in Auschwitz of his wife and child; these hang implacable now on Otto's conscience, alongside the knowledge that he himself has never amounted to anything of consequence. It is as if playing third-cast Hamlet for the Emma Lazarus Old Vic was, after all, as much as he ever deserved. An extraordinary show: a tour de force.

Also at the Assembly Rooms, something astonishing happens during David Benson's *Think No Evil Of Us*, which is subtitled "My Life with Kenneth Williams". It begins with a sustained imitation of Kenneth Williams during which all those of us who have seen and heard umpteen Williams performances can see that Benson, while catching a remarkable amount of Williams's looks and sounds and characteristics, happens himself not to be much like Williams. Then he does an enchanting central section of autobiography: his childhood in Birmingham, his oh-

so-British way of copying every comic entertainer, his own story for *Jackanory* and Kenneth Williams's rendition thereof.

Then he returns to Kenneth Williams: Williams holding forth over dinner with friends, holding forth about having to read for *Jackanory*, about endless other things. This is the private Kenneth Williams the public did not see, remarkably close to the public Kenneth Williams but now more appalling than funny. And here, uncannily, Benson's resemblance to Williams has become absolute: his very face seems to have changed shape.

From the very first, though, this show is breathtaking. You hear some awful recording of one of Brahms's *Four Serious Songs*, and you watch Williams listening to it. The lift of the brows, the lengthening of the neck, the flare of the nostrils, these are his queenly ways of advertising his own authority. He has been a comic act so long, wielding his own studied persona, that he is now stuck that way. As the show proceeds, we see more of Williams's tricks and more of the persona; and the helplessness of his life becomes all-encompassing.

The only flaw of *Think No Evil* is the ending. Benson has to spell out the moral for us: all about the value of love. But this is superfluous. The show has made us feel, deeply, what a life without love is like; and, again and again, has made us laugh about it too.

Alastair Macaulay

All physical on the western front

Nicola McCartney has plainly been watching a lot of late-period John Ford and probably a fair few Peckinpah movies as well. Her latest production for her LookOut Theatre Company, *The Hanging Tree* (which has just opened at the Traverse), adeptly captures the mythic but sombre mood of such westerns and translates it to a housing scheme in the west of Scotland. An embattled sense of community tries grimly to survive in the face of a disintegration of law and order, as anti-hero John turns vigilante - against drug dealers rather than cattle rustlers. Ex-cop John is in the classic mould of sheriffs gone wrong: an adulterous recovering alcoholic, he is consumed by his personal quest at the expense of his family.

McCartney assembles her narrative piece by piece, in a play which is structurally and mechanically much stronger than LookOut's slightly disappointing last production *Entertaining Angels*. The crucial scenes pull off the impressive hat-trick of at once resonating with classic western atmosphere, amusingly undercutting it and generating a hefty dramatic power on their own terms.

A bizarre experience at the Scottish premiere of *The Designated Mourner*, also at the Traverse: looking forward to a production of Wallace Shaw's piece which did

not rely on a computer auto-cue for the lengthy monologues, I was astounded to see protagonist Jack literally reading his lines from a script on the desk. Only afterwards did I discover that, due to illness, the role had been taken by director Daniel Brooks. In truth, though, it makes little difference: the piece remains a worthy, above-the-neck-one experience. Canada's Tarragon Theatre offers a production which includes Clare Coulter (praised last year in Shaw's solo piece *The Fever*) and a fine sound design by Richard Feren, but the script simply does not deserve such precise, sensitive attention. As a meditation on selfhood, morality and revolution, it comes off a poor second to the Howard Barker piece at the Assembly Rooms.

At the Fringe Club, Red Shift continue their revivification begun with last year's *Bartleby*. Victor Hugo's *Les Misérables* is a world away from big musicals, as a cast of six concentrate on just telling the story. It is a "poor theatre" production, in ethos if not in resources, relying on skills of characterisation and often ellipsing entire episodes into a couple of lines of dialogue and a meaningful look. Once again, live music is used to telling effect, and even the taped songs of The Pogues which play pre-show and

during the interval seem somehow to add to the underworld Parisian atmosphere.

Physical theatre once again shows a heartening if not quite revelatory presence on the Fringe. Volcano's *The Town That Went Mad* (Pleasance), a semi-sequel to *Under Milk Wood*, pulls back from the quagmire of cautious earnestness which bedevilled the company's last show, *The Message*, re-establishing a playfulness with text and presentation, although kicking against fewer prickles of theatrical convention than its best work.

Frantic Assembly in *Zero* (also Pleasance) concludes its "Generation Trilogy" with thoughtfulness and appeal but little seismic impact. More encouraging is second theatre's 27 at Theatre Workshop: having settled upon their distinctive style a few years ago - live action, pieces to microphone and video footage intermingled and overlapping - John Keates and his colleagues are at last applying themselves to material which can support such an approach, chronicling an entire life from conception rather than noodling around in indulgent narrative-backwaters.

Ian Shuttleworth

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SPORT

Progress is the name of the game in professional sport, as in all areas of commercial life, only the fittest survive. That is why the health of modern professional tennis is under scrutiny.

At the Grand Slam level, all seems to be well. Indeed, over the past decade the enormous investment in infrastructure at the world's four main championships has displayed a reassuring faith in the future.

In 1988, Tennis Australia unveiled its \$400m state-of-the-art National Tennis Centre, whose centre court, with its sliding roof, becomes Melbourne's Entertainment Centre out of season. In 1995, the size of the site was doubled by expanding on the other side of the Flinders Park railway sidings, where a new show court, a conference centre and a paved plaza with a giant TV screen were added at a cost of \$423m.

In 1996, the French Tennis Federation invested FF7240m at the Stade Roland Garros in Paris, when the adjacent football field was annexed to allow construction of the 10,000-seat Stade Suzanne Lenglen and a repositioning of the outside courts to provide more room for visitors.

At Wimbledon this year, despite the wettest first week in living memory, there was universal acclaim for the new No 1 Court complex in Atrium Park which had taken three years to build at a cost of about \$100m - the All England Club never did reveal the actual figure.

With its 11,500 seats, public restaurants, a debenture holders' lounge, Lawn Tennis Association and International Tennis Federation offices, and a terraced picnic area with large television screens, life was much more comfortable for the fans - provided they were carrying umbrellas.

On Monday, it is the turn of the US Tennis Association to show what they can do, as the 1997 US Open begins. The massive new Arthur Ashe stadium is the centrepiece of a site at Flushing Meadows, New York, which has grown from last year's 214 acres to 46.5 acres.

With 23,500 seats, a tier of glass-fronted luxury boxes for corporate hospitality and other pricey outdoor boxes, the new structure will be the largest of its kind in the world. It remains to be seen whether spectators in the top rows can recognise the stars on the court below.

The estimated cost of the redevelopment, which incorporates 47 courts (19 match, 20 practice, nine indoor), a new media centre and numerous restaurants and offices within the main stadium, is \$395m.

While the Grand Slams flourish - ground records have been broken at the first three of this year and doubtless will be again in the next two weeks in New York - the rest of the professional game is in poor health. The main problems facing the men's ATP Tour and the women's WTA Tour are size, lack of focus, lack of a co-ordinating authority and too few charismatic performers.



Confusion reigns: the paying public has trouble working out world rankings - young stars like Anna Kournikova from Russia need a clearer path to the top

Brian Henschel/Report

Tennis

The court is out on the tournaments

The Grand Slams are flourishing, but the other events must change, says John Barrett

Tennis is competing for the same disposable income as the other popular national sports in every country - football and cricket in Britain, American football, baseball and basketball in the US, and football almost everywhere else. There is also more competition from sports such as rugby union and rugby league, which have reinvented themselves by creating new competitions.

Against these forces, the two tennis tours are struggling to capture the attention of the television networks and sports editors of the national newspapers.

What should be done? First, the problems must be recognised. To his credit, Mark Miles, executive director of the ATP Tour, has sought the views of all the

constituent bodies - players of ATP and WTA, Grand Slam committees, the International Tennis Federation, national associations, tournament directors, the media and the general public.

Not surprisingly, with so many vested interests involved, consensus has not yet been reached. Everyone agrees change is necessary. The public cannot understand the workings of the present year-long points system, which ties together some 60 to 70 tournaments in several grades around the world.

How do the points won relate to the world ranking? How can Boris Becker win the 1995 year-end ATP Tour World Championship and yet finish with a ranking of No 4? How can Pete Sampras lose three first rounds on

clay and still be the world No 1? Why is it men and women play at the same event so rarely when it is clearly successful at the Grand Slams? How can there be men's tournaments tak-

We must hope the game will go on producing attractive new players

ing place at the same time in Los Angeles, Umag, and Kitzbuhel alongside women's tournaments in Stanford and Warsaw, and how do you know who will be playing at each? In the minds of

the public, all is confusion.

The answer would seem to be a main tour of about 12 tournaments - the four Grand Slams of two weeks each, plus seven or eight others of 10 days each involving both men and women. All the top-ranked players would have to commit to every event. All would be involved in a points race that starts with everyone on zero on January 15 and ends with a men's and women's world No 1 on November 1.

Two Masters events, for the top eight men and women, would decide the world champion for that year. Weeks would also be allocated to Davis Cup and Fed Cup rounds, so those two very successful Cup events could continue to

provide national interest.

Sadly, there is little hope of achieving this reorganisation by 2000. Tournament directors who don't want to be part of a new "super tour" are the main stumbling block. Understandably, none wants to be relegated to a secondary tour.

In the meantime, we must hope the game will go on producing attractive new players to hold the interest of the paying public.

With young women such as Martina Hingis and Anna Kournikova, both 18, already among the best in the world, and talented young men like Gustavo Kuerten, Marcelo Rios and Hicham Arazi each beginning to make his mark, international tennis will continue to provide excellent entertainment even without reorganisation.



Talented: Marcelo Rios is making a mark

Albport

Formula One

Why Hill needs extra horsepower

It would be more entertaining if it rained tomorrow at Spa-Francorchamps, says John Griffiths



Damon Hill: the reigning world champion will be facing a monumental struggle to get his underpowered Arrows into the points

Albport

Normal Formula One play will resume at the Belgian Grand Prix tomorrow, following Damon Hill's wholly unexpected second place and - but for a hydraulic failure - near-victory two weeks ago at the season's 11th round in Hungary.

If revived morale could somehow be translated into extra horsepower, Hill and his Arrows would tomorrow be right alongside Michael Schumacher's Ferrari, the Williams-Benetton and the McLaren-Mercedes on the mile-long straight after motor racing's most daunting corner, Eau Rouge at Spa-Francorchamps.

It cannot, of course - and few circuits penalise engine power disadvantages more harshly than this frighteningly fast ribbon of tarmac swooping for 7km through the forests of the Ardennes. The lap record is held by Alain Prost at an average speed of more than 140mph.

This Hill, the reigning world champion, will once again be facing a monumental struggle even to get his underpowered Arrows into the points (requiring a sixth-place finish) as this year's Formula One championship moves into its final five rounds.

The Englishman's supporters, of whom there are many outside the UK given the dignity with which he has faced this year's adversities, say even now that all may not be lost at Spa - and that rain may yet allow Hill to upset the form book.

The hope is not, on the face of it, wildly unrealistic.

A big injection of extra interest has been given to Formula One this season by the tyre war raging between old hands Goodyear and the arriside Bridgestone of Japan.

Not only has it helped to divert attention from the still woeful

lack of wheel-to-wheel dicing in F1 - due to be addressed next year - but Bridgestone has shown a marked superiority over Goodyear on the occasions when the racing has been in the wet. Spa is notorious for its propensity to rain and sudden storms. His superior Bridgestone "wet" tyres could bridge much of the horse-

power gap. As in Hungary, Hill's new-found aggression allied to his skills and experience could once again shine through.

There is one principal problem with this scenario and it is called Michael Schumacher. Ferrari's \$24m-a-year lead driver and former world champion loves Spa. It provided him with his first grand

prix win, with Benetton, in 1992. As his drive at rain-drenched Catalunya last year showed, when he romped away from the field by four seconds a lap, his own performances in the wet are nothing short of awe-inspiring. Goodyear-shod or not.

Rain may thus help Hill towards the front, but is unlikely

to allow him actually to reach it. The balance of probability is that Spa will be fought out between Schumacher and Jacques Villeneuve, the increasingly erratic young Canadian who trails Schumacher in the championship by three points - 53 to Schumacher's 56 - despite his Williams-Renault being widely acknowl-

edged as the best-developed on the track.

There is still room for upset, but it is hard to envisage that this year's title will fall to other than Villeneuve or Schumacher.

Provided both Schumacher and Villeneuve finish at the front, Spa could turn the final rounds into a definitive two-horse race.

Spectators and grand prix's upmen millions of TV viewers can be grateful, at least, that one of the horses is black and prancing, and that the expected domination of this year's championship by Williams-Renaults has not come to pass.

Instead, we have witnessed Schumacher riding Ferrari closer towards the championship than at any time in two decades; some other unexpected victories none more joyfully acclaimed than that of potential retiree Gerhard Berger at Hockenheim in his Benetton; the gradual strengthening of some teams like Jordan (and even Arrows), and the emergence of significant new talents such as Ralf Schumacher, younger brother of Michael, and his team-mate at Jordan, Giancarlo Fisichella.

We have need of such diversions.

For, as we enter the traditional "silly season" of gossip, rumour and counter-rumour about which driver is to join which team for next year - Hill this week turned down an \$8m offer to drive in North America's IndyCars - it is hard to escape a sense that Formula One is approaching a water-

shed in its 50-year history.

Worldwide, the TV ratings for Formula One are claimed to be as high as ever this year, despite a clear falling-off in the UK; this may be attributable to both Hill's fall from contention and viewer irritation with commercial breaks arising from switching coverage from BBC to ITV.

In the background, however, spectator grumbles about the lack of real "racing" in F1 this season have become unmistakably more audible and persistent.

There is a perfectly defensible argument that F1 is the technological pinnacle of motor racing, that it should be respected as such, and that if the price of exploring the outer edge of aerodynamic and other technological expertise is a certain lack of crude racing "spectacle", then it should be paid.

But it is increasingly debatable how much longer this will wash.

Hill's overtaking of Schumacher at Hungary was once again the isolated act of a "race" more properly called a procession. The processional aspect of F1 has become increasingly pronounced in the past five years. But for the knowledge of impending rule changes next year, to make the cars narrower and put them on treaded tyres with less grip, it is likely that the grumbles would have been louder yet. There is a willingness to see if the new rules - imposed, however, for safety reasons - lead to closer racing.

If not, the cult status accorded F1 could well start to slip next year, along with its global TV audience.

For Bernie Ecclestone, Formula One's promoter and ringmaster, that is a prospect not to be contemplated. For with it would also go his plans for F1's multi-billion stock market float.

How to Spend It

Fashion

How to be cool when the sun's rays are all ablaze

Summer has landed late, providing a last chance to look rich and famous. Belinda Morris joins the glitterati

The world of high fashion is glossy, seductive and, for most people, unattainable. The vast majority will never know how it feels to slip into a Black Label Giorgio Armani suit or a Donna Karan leather jacket, because couture is an expensive dream reserved for the rich and famous. It's a club whose members grace the gossip columns and Hello! magazine; designers are happy to perpetuate the desirability of belonging among the less well-heeled... and then exploit it.

They do it through licensing. The most lucrative form and, arguably, the most accessible is fragrance, but that sector is rapidly being overtaken by sunglasses.

Today, there is hardly a big fashion player who hasn't lent his or her name to a collection of shades. Thanks to high-profile advertising, the increasingly style and logo-hungry British public is viewing sunglasses, and premium-priced designer sunglasses in particular, as something more than necessity.

"People are buying sunglasses because they want to wear them, not just because they have to," explains Marc Karbaron, co-partner at Optix, retail opticians in the City of London. "Famous people wearing sunglasses [and there are an awful lot of them] mean that this is an accessory to be seen in." That sort of endorsement should not be underestimated.

The Italian brand Web (introduced by Luxottica in 1994 and recently arrived in the UK) announces that such glitterati as Isabella Rossellini and Rod Stewart, George Harrison and Sharon Stone, wear its retro-inspired specs. There are slightly fuzzy paparazzi shots to prove it.

And just like any other accessory, especially for the brand junkies, it's impossible to stop at one. Customers today are very style-conscious and they want the right look of the season, says Gail Steele of Chelsea and Soho opticians Auerbach and Steele. This means buying different pairs for different outfits or occasions - clubbing or shopping, snowboarding or surfing.

It also means that sunglasses

From top to bottom:

□ Pale blue, clear plastic cats' eye frame sunglasses with blue lenses, £265, Ralph by Saffio. (Inquiries: 01423-538 005)

□ Butterscotch plastic, rectangular frame sunglasses with black plastic arms and green lenses, £50, by CK Eyewear. (Inquiries: 0800-722 020)

□ Gold metal-framed, aviator-style sunglasses with yellow lenses, £155, Gucci by Saffio. (Inquiries: 01423-538 005)

□ Pale tortoiseshell effect, plastic framed, semi-wrap-around sunglasses with green lenses, £80, by Emporio Armani. (Inquiries: 0171-629 4534)

□ Old-gold metal framed, rectangular sunglasses with tortoiseshell effect arms, £125, by Web from Harrods and Shearman Opticians, Northampton. (Inquiries: 0171-629 4534)

□ White plastic, oval-framed sunglasses with grey lenses and black line detail, £109, by Cutler and Gross, 16 Knightsbridge Green, London SW1; Harvey Nichols, London SW1 and Leeds. (Inquiries: 0171-561 2250)

□ Dark tortoiseshell effect, plastic-framed Jackie O sunglasses, £127, by Dolce & Gabbana. (Inquiries: 01635-529997)

Photography by Miki Moulton

are no longer just a summer purchase. And indeed, if manufacturers relied on the sun's appearance to increase sales in the UK, the 1996 figures would not make such pleasant reading. Last year, sales of sunglasses in Britain were a not insubstantial 15m pairs, according to a report by 20/20 Europe Magazine, and an average of 558 was paid for each.

"In the past two or three years," says Andy Skitmore, managing director of Marchion UK, the worldwide licensee for

Calvin Klein and CK Eyewear, "there has been an explosion at the designer end of the business. The opening and promotion of designer shops in London shows that designers believe the market is there and they're prepared to diversify beyond haute couture dresses into other money-making exercises."

This explosion in the market is new. "It was an untapped market until about a year ago," says Michael Jawett, divisional head of Marcolin, which produces

Dolce & Gabbana sunglasses. "It was untapped by the designers themselves as well as the public." So anyone who aspires to wear a Dolce & Gabbana, or any other designer suit, but can't afford it, will find a pair of sunglasses of the same label more accessible - they can be seen to be wearing it. Using the fragrance may cost less, but it does rely on recognition of the scent.

As Karbaron says: "If you're aiming for impact, sunglasses will be the first thing someone

sees, whether you're wearing them over your eyes, across your brow or on your head, and the designer initials make the brand easily identifiable."

All of which assumes that you want everyone to know your current favourite, of course, and not everyone does. Auerbach and Steele's customers are a cooler bunch and although designer frames - everything from Paul Smith (made by Oliver Peoples, itself a hip brand) to Gucci - are sold, more than half the custom-

ers ask for the logos to be scratched off where possible.

If you are one who doesn't feel the need to advertise your preference (and financial status), there is still the option of recognised yet discreet quality. Cutler and Gross, whose name is synonymous with luxury fashion sunglasses and was around when sunglasses were probably just a twinkle in Giorgio Armani's eye, are popular with those who want a stylish product that is not trad-

ing off the back of a designer clothing collection.

Cutler and Gross glasses have tended to be found in high fashion stores. But now, increasingly, they can be seen in boutique opticians such as Auerbach and Steele. "Our market is more concerned about understatement than many others," says Steele. "Our customers are very aware of quality and they expect that from a designer product. If they spend a lot of money on a pair of sunglasses, they expect them to be groovy, but they also expect them to work."

For the sunglasses market has a serious edge to it. The general public knows that the depletion of the ozone layer can lead to damage from ultra violet rays and this helps some of them justify the scary prices some designer sunglasses command. Designers, in turn, have had to look to bona fide optical companies to produce frames and lenses of sufficient quality.

Designer-clad or not, there's no question that eyes need to be properly protected from the sun.

They buy different pairs for different outfits or occasions - clubbing, shopping, or surfing

Wearing sunglasses that don't have a UV filter (check for the European Union Standard CE mark) is worse than wearing no sunglasses at all: they cause the pupils to dilate, thus letting more UV light into the eye. Screwing your eyes up will merely cause wrinkles (which is another matter).

"People are going to opticians more now, because not only are the frames properly fitted, but we can measure the amount of light through the lenses and how much UV is being absorbed," says Steele.

When buying sunglasses, take the advice of Mary Rose Cooney of Saffio, which produces, among others, Gucci, Diesel and Ferre styles. "Designer frames should have good, proper lenses, by which I mean non-distorting in terms of colour and shape," she says. "Hold them up and look at something like a telegraph pole. If they're poor quality it will have a wobble."

Naturally, if you're spending more than £100 on a pair of sunglasses you would expect them to be significantly better than something you can buy for £10 from a garage forecourt.

Garage forecourt suspects will not have benefited from the input of the international fashion designer. The complicated bits are left to the optical company, but the basic shapes, colours and influences will be the designer's domain.

This year's styles include plastics (black, white, tortoiseshell effects and colours); shallow rectangular or oval shapes or big Jackie O frames for the bold; a cautious return to aviators - they may be old hat to some but they're very exciting to Tom Ford at Gucci; yellow (which looks sickly on British skins); other unnaturally coloured lenses; and two colours or materials on one frame.

The task: to find a mirror that will work in a light, uncluttered 1990s interior, looks modern but has some longevity and, obviously, doesn't cost a fortune. This is not as straightforward as it sounds - and it is certainly not easily accomplished in one Saturday afternoon.

The choice seems to veer between uninspired rectangular designs in cherrywood or pine, which add nothing to their surroundings, or stuffy, French repro or Victorian overmantel mirrors, which work only in the most traditional surroundings.

If you want something a little more unusual, you have to be prepared to do some research and look at the growing band of small artisans who are creating more interesting designs.

The latest mirrors are not so much for looking into as looking at and many seem almost like works of art - though most modern mirrors come at prices that, compared with, say, a picture, seem almost a bargain. You could get something with individuality, strong enough to be a proper focal point in whichever room you choose, for under £300.

"Mirrors are selling very well at the moment," says Nick Spragg, furnishings and home accessories buyer at Liberty. "They are seen as important decorative objects in their own right and their perceived value is very high. They hold their value well so people view them as an investment - something that they will still have in 10 years' time and which may increase in value."

The trend over the past 18 months has been for designs which draw attention to them-

Which is the fairest of them all?

Whatever your taste or style, Karen Wheeler finds there will be a mirror to suit your individuality

selves. People seem to be prepared to stick their necks out and buy something with a bit of personality."

Liberty stocks a wide selection of mirrors - all very individual - by different British designers.

One only has to look at Arts and Crafts or Art Deco mirrors, or even certain designs from the 1950s or 1970s, to see how accurately a mirror can encapsulate an era, how it can, so to speak, reflect the design trends of the day. An original Arts and Crafts mirror for example, can fetch £700 in Liberty - though the modern, functional equivalent would cost about £70.

So what kind of mirror would be considered synonymous with a pure style statement of the 1990s? There are two different approaches," says Mark Smith of William Yeoward in Kings Road, Chelsea, where the best sellers include flat or convex mirrors, anchored in simple, circular white plaster frames.

"There are those who want a traditional look for, say, a classical home; and those who want something more modern - for, say, a loft space. These look very spare and minimal - which is, after all, the defining mood of the 1990s - but would work equally

well in a more traditional environment."

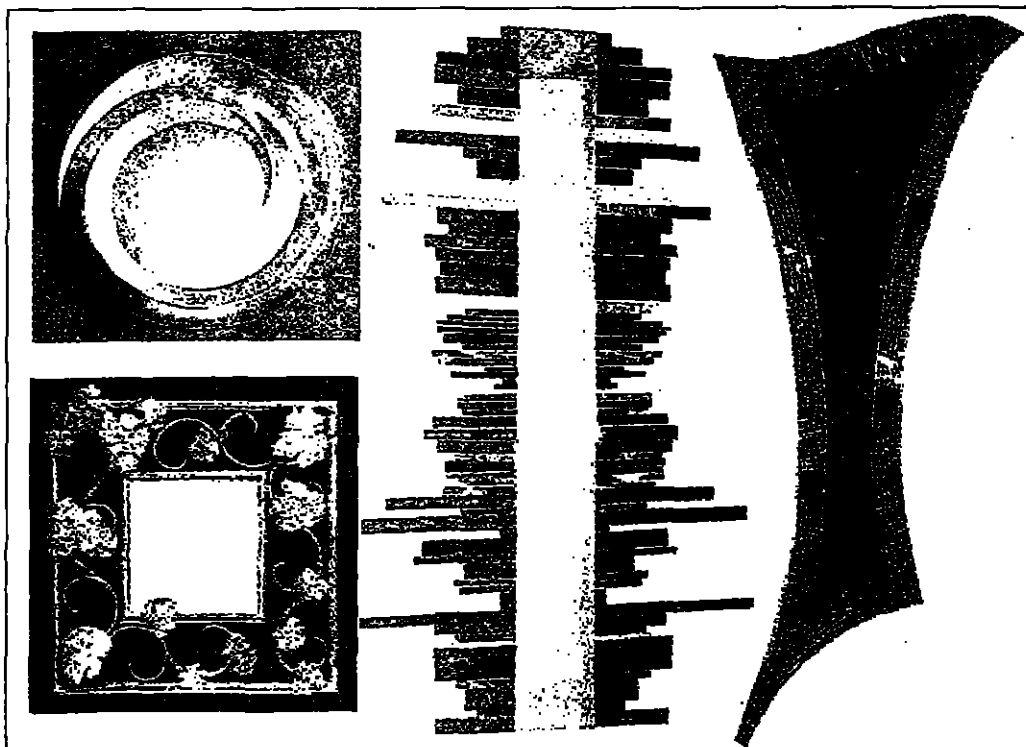
The trend at the moment seems to be for small mirrors surrounded by substantial, chunky frames (sometimes the piece of silvered glass contained within is so small that it looks like an afterthought).

Graham & Greene, in London's Notting Hill, always has a selection of modern mirrors which sell well alongside designer clothing and fashion accessories. A little heart-shaped mirror in a square wooden frame, £275 by Elkton, is one of the most popular.

The other big trend is for simple geometric shapes and frames with interesting textures - a glamorous, 36in square mirror with an irregular, mosaic frame by Tom Kelly is another best seller there.

Some of the most quirky modern designs come from Elkton. Design duo Wendy Palmer and Steve Bant have a background in restoration but started making mirrors five years ago. Designs range from spare, geometric metal patterns, and Swirl - a mirror which looks just like a silver Catherine wheel - to wonderful big fireplace mirrors in plain, plaster finish frames.

These come with William Morris quotes, Latin phrases or other personalised messages scrolled



Above left: copper leaf overmantel mirror, from £300, by Katy Holford (01525-872308). Centre: Holy Cross mirror with stained glass frame, £275, and, right, mosaic mirror with blue hearts, £210, both by Tom Kelly Designs (0171-275 0287). Bottom left: square mirror with gilded leaf decoration, £750, by Sally Ure Reid at Liberty

on to them in gold leaf. They make a striking alternative to the traditional gilt baroque mirror over the mantelpiece. According to Palmer, many people commission mirrors with their own choice of words for their bedroom.

Another name whose designs are very popular is Rebecca Newnham. She specialises in glass mosaic and many people will already be familiar with her simple round or square mirrors in gold or silver mosaic frames (stocked at Heal's and the Con-

ran Shop). They work well in bathrooms and hallways.

While the clean, simple lines are part of the appeal, Newnham also does more ornate, fireplace mirrors as well as commissions.

There is something vaguely

Alice in Wonderland in the unexpected, off-kilter lines of Katy Holford's limited production gilded mirrors. "The forms I use are sculptural and sensual and have an element of surprise," says Holford, a graduate of the Royal College of Art.

The mirrors come in a variety of hand-gilded leaf finishes - gold, silver, copper, aluminium or antique gold - and cost between £300 and £800. The shapes are very modern but because they are simple and elegant, they sit easily in both contemporary and antique interiors. Both Claridges hotel and the Savoy hotels, in London, have recently commissioned mirrors.

If you prefer a more flamboyant, theatrical style, look for Anthony Critchlow's distinctive, ornate designs which can cost as much as £3,500. Alan Craig's copper Celtic-inspired mirrors, from £265 at Liberty, would work well in a more traditional environment.

Also at Liberty, Christopher Healy's wooden panel with a small heart mirror in the middle (£179) is very striking, while Paul Chifford's Bug Mirror (£325) - a glass frame with various insects etched underneath it - or Fancy Mirror, which is similar but features cherubs rather than beetles, have a quirky appeal. Some of the prettiest designs are Justin Smith's hand-silvered mirrors delicately painted with flowers.

■ Rebecca Newnham, tel: 0171-325 6741; Elkton, tel: 01903-831826; Liberty, tel: 0171-734 1234; William Yeoward, tel: 0171-351 3454; Graham & Greene, tel: 0171-586 2962; Heal's, tel: 0171-636 1666.

FOOD AND DRINK

The simple appeal of Irish pub grub

Nicholas Lander's pleasure at eating well-cooked local produce is shared by his bank manager

As we watched the Guinness slowly fill my glass in the bar in the main street of Lahinch, County Clare, the television caught my eye.

John McKenna, one of Ireland's leading restaurant writers, appeared on the modest set above the counter, extolling County Clare's restaurants. In spite of a lifetime in Lahinch - 50 of those years spent pouring pints - they were all new to the 77-year-old licensee.

He was a man who still remembered the era of the horse and cart, when Lahinch boasted only three holiday homes rather than today's 300, and the day in 1981 when the railways,

which had initially created the resort, finally stopped running.

Tourism is, of course, rapidly changing Ireland - and one of its better side effects is that you can eat as well there today as anywhere else in western Europe. Restaurants are opening in Dublin almost as frequently as in London and there is no shortage of guidebooks or talented chefs taking advantage of a bountiful coastline.

We had started our stay

in the conservatory of the Barratna Seafood Restaurant (65-81280), run by Paul and Theresa O'Brien, as the sun set across the Atlantic.

Pacific oysters, thick fillets of monkfish, turbot with pesto and a catholic, keenly priced wine list lulled us into a relaxed sense of well-being that was to last until the following morning.

The first of three days of rain, low cloud and sea mist made the obvious, more

physical, attractions of Clare's sea coast temporarily unappealing. Instead, a 72-hour immersion in some of the country's best pubs made me realise that however good the county's top restaurants may be, the quality of food at this simple level is hard to beat.

Unlike many of their counterparts in England and Wales, Irish pubs succeed because they have not lost sight of the basics. Not a single plate of

grilled Mediterranean vegetables was to be found. Instead, there was inexpensive smoked fish aplenty, lots of soup and a reliance on three local ingredients: mussels, potatoes and soda bread.

County Clare's mussels seem like a breed apart. Large, deep orange in colour and barnacled, they have great sweetness of flavour whether cooked with shallots, wine and cream or served cold on the half shell as part of a

seafood platter.

Our only disappointment came when, having driven through low cloud to Vaghlan's, a famously musical pub in Killybegs (65-88004), gateway to the stony Burren, we were told that they had just served their last dish of mussels.

When Irish potatoes are at their best it does not seem to matter how they are cooked: whether simply boiled with a beef and Guinness stew; baked and oozing butter alongside a

grilled fillet of whiting with a Mornay sauce or boiled and sliced in a wonderful schi Irish stew - as served at the Mornay Cafe in Lisacannor (65-81031) where the whole dish was enhanced and lightened by a plethora of fresh herbs. However, each rendition was flavoured. And the potatoes were cheap - 20kg bags were on offer by the roadside for £2.49.

Soda bread is not much more expensive and is delicious when used to mop

up the sauce from a bowl of mussels or eat with thick slabs of bright, white St. Tola goats' cheese. You can stock up with it - and smoked wild salmon - at the duty-free shop in Shannon airport.

Characters and ingredients apart, the pleasure of eating in Ireland is enhanced by low prices and substantial servings. Most restaurants offer a four-course dinner menu for £21 while pub main courses are no more than £5 or £6 - a winning combination.

■ Egon Ronay Jameson
Guide to Ireland 1997 £9.99.
For the Bridgestone Guides to Eating in Ireland ring
Dublin 1 295 2944 fax 2658.



A still life of fish by Jacob Giliig (1636-1701)

The Bridgman Art Library

Cookery

Fish without the bones please

Tastes are changing, but the English are still squeamish about some things, says Philippa Davenport

Fridays meant fish in Roman Catholic households when I was growing up. A pleasing experience to me, thanks to a mother born of an admiral with a proper respect for food from the sea.

The choice of fish was limited, although the number of UK high street fishmongers flourishing there seems enviable now. All - in my memory, at least - slipped a lemon and a nosegay of parsley into the bag with your purchase, and they were happy to oblige with heads and other trimmings for the stockpot as well as tidbits for cats.

Fish, generally meant cod, smoked haddock, herring or plaice. Kippers were strictly breakfast food. Soft herring roes were lunch-time fare.

Turbot and the special kettles in which they were cooked had disappeared at the same time as servants. Salmon (always wild in those days) was special occasion fish, as was sea trout (even better and cheaper). Sole and scallops were more affordable than now. Oysters and most other shellfish were expensive, but fiddly sweet-tasting little brown shrimps (now hard to find) were plentiful and cheap.

Some fish had holiday associations - the little brown trout my father caught in Scottish burns; gleaming mackerel, so easy to

catch; shrimps and mussels taken home from the beach in our buckets or cooked on the shore.

Those were the days when Britain's coastline was unpolluted - or, at any rate, we believed it to be so - and we happily ate what we gathered.

As we approach the millennium, the selection of fish available, its provenance and the ways in which it is cooked and served are much more varied. It seems the British are losing their fear of seeing fishy tails and eyes staring up from the plate. But this boldness is new found; at heart we remain more squeamish than sophisticated.

Bowdlerised fish - sans skin, sans bones - remains a safer bet, more likely to meet with approval on British dinner plates.

The searing and flame-throwing charms of char-grilled sardines and whole fennel-scorched red mullet are all very seductive in a Mediterranean holiday context but they lose much of their appeal in the cool of an English kitchen.

For home consumption, the truth is that Britain's favourite fish dishes remain notably bone-free, with fish fillet and potato combinations proving most popular of all. Fish and chips is the prime popular choice, with scampi and chips in a basket well-established; others prefer the homogeneous marriage of protein and starch in the guise of fish pie or fish cakes.

These are, I believe, the foods most people want, secretly or openly, winter or summer, to tuck into on Friday nights. They are foods many of us grew up with in England, offering familiar comfort and old-fashioned reassurance as well as good eating when well made; and they serve as a welcome punctuation mark to signal the end of the working week and the start of a relaxing weekend. Cod is the classic choice, arguably unbeatable when immaculately fresh, but there are other options.

SALMON FISHCAKES WITH FENNEL

(serves 2-6 as a main course or appetiser)

Sampshire, steamed with the salmon, is my first choice of accompaniment for these fishcakes. By the time you read this, the succulent rocky seashore plant will be flowering - too late to harvest in, I am afraid, but maybe you will find an enterprising deli stocking the freshly pickled version. Failing that, grilled tomatoes, fresh peppery watercress and wedges of lemon make good team-mates.

A salmon tail fillet weighing 200g-225g; 250g floury potatoes; 15g-20 g butter; 1 teaspoon crushed fennel seed; 1 teaspoon cracked green peppercorns; 1 lemon; 4 tablespoons chopped flat leaf parsley; well-seasoned flour; oil for frying

Lay the fish skin side down in a lightly oiled steamer basket. Season with sea salt, black pepper and lemon juice. Steam for 4 minutes until just cooked, then set the covered steamer basket aside.

Halve or quarter the potatoes. Boil or steam them in or over salted water until tender. Drain well and return the pan to low heat to dry off if necessary. Strip off the skins as soon as cool enough to handle. Melt the butter and mash the potato flesh into it. Season with salt, fennel and green peppercorns. Beat in the finely grated zest of half the lemon, 2 teaspoons lemon juice and the parsley. Flake the fish and mix it in gently. Then chill the mixture for 30 minutes or more so it firms up a little and becomes easier to handle.

Using well floured hands, gently scoop up and shape the fishy mixture into six patties or cakes; flour the top and bottom of each one well. Thoroughly heat a large well-seasoned sauté or frying pan. Add a little oil, swirl to coat the base and let it sizzle. Then fry the fishcakes for 2-3 minutes. When the undersides are crusted with gold, flip the fishcakes over carefully and fry for 2-3 minutes more.

CRAB CAKES

Crab is an affordable treat in season. When freshly boiled and picked from the shell (by you or the fishmonger) on the day of eat-

ing, it is marvellous food. Frozen crabmeat is not in the same class and so-called crabsticks are an alien laboratory invention. Because crab is so rich and soft, bread-crumbs work better than mashed potato for these fishcakes. This quantity should serve two to three people as a main course with salad on the side, or six as an appetiser.

250g crabmeat; 75g-85g fresh white breadcrumbs; 1 tablespoon or so finely chopped spring onion (tender green parts as well as white); 1½ teaspoons or so finely chopped ginger root; ¼ teaspoon or so dried chilli flakes; 2½ tablespoons chopped coriander leaf plus extra sprigs to garnish; 2 tablespoons mayonnaise; 1 time; well-seasoned flour; oil for frying

Chop the spring onion, ginger and chilli flakes together to make a fine hash. Mix them with the crabmeat, roughly chopped coriander and a little salt. Slacken the mayonnaise with 2 teaspoons or so lime juice and stir this into the crab mixture. Sprinkle on the bread-crumbs and work them in gently with a fork. Chill for 15-30 minutes to firm up a little.

Divide the soft mixture into six and shape them, one by one, into small patties or cakes, with floured hands and by turning them gently on a thickly floured plate. Shallow fry in hot oil for 2-3 minutes on each side. Serve with wedges of lime and sprigs of coriander.

A master distiller

Giles MacDonogh meets a celebrated Austrian producer

When you have more than 50,000 people distilling schnapps and brandy up and down the land (and for a population of 7m at that), competition can get pretty hot. At the top of the tree, however, there is a fairly broad consensus on who is good and who is not.

If you go to one of the best restaurants cited in the Austrian edition of *Gault Millau* - there is no *Michelin* for Austria - you will generally find the same names: Gössle, Rochelt, Gasser, Wetter, Reiter, Holzappel and Waltraud Jöbstl. Wolfram Ortner in Carinthia is also important. He provides a focus for the smaller distillers through his international "Destillata" competition.

Alois Gössle is based in Riegersburg in South East Styria, in full view of the towering castle which is still the property of the Liechtensteins. The geographical location is no accident: 70 per cent of Austria's fruit comes from the region, including specialties such as the Maschankler, Bohn and Gloster apples, Kaiser Alexander, Kletzen and Hirsch pears, Kriecherl plums, and Herz cherries.

In his father's day, the small Gössle estate was given over to mixed farming. Alois went to the national wine and orchard school in Klosterneuburg and came back with bigger ideas.

After a brief flirtation with wine (he is still an excellent taster) the family land was turned over to growing quality fruit for schnapps. As Gössle points out, fruit distilling has taken a radical turn in the past 20 years: after the war the worst windfall apples and pears were turned into coarse *Obster*. Now only the very best fruit goes into the fermenting vat.

After establishing his reputation as one of Austria's most meticulous distillers, Gössle branched out into vinegar using the experience he had gleaned during his travels in Italy.

Like his schnapps, he limits himself to the top end of the market. Besides a little wine vinegar (including one made from Schilcher, the sharp local rose) Gössle makes fruit vinegars from blackberries, peaches and raspberries and ages them in second-hand French oak casks.

One vinegar he is maturing in cask is made from super-sweet Trockenbeerenauslese wine. Gössle doesn't intend to release any of this before the millennium. Gössle's most successful vinegar to date is an "old balsam" made according to the Italian technique of running off the sweet must into ever

smaller barrels. Instead of grapes, however, he uses apples. The current, 1990, vinegar is sensationally good.

He has small quantities of older vinegars which he no longer sells but uses to demonstrate the virtue of age in vinegar. At five years it undergoes a complete transformation in cask; at 12 it changes once again.

Of course Gössle's greatest claim to fame is schnapps: the mostly clear essences which recall the precise flavour of fully ripe fruit. Each fruit requires a different approach: the larger ones must be mashed, cling-fruit must be stoned, berries simply stirred during the fermenting process. Gössle uses only natural yeasts to ferment the fruit, then he distils them twice in pot stills, constantly changing the temperatures to remove the evil, glue-like smelling fusel

The slower the ageing, the longer the schnapps will retain its freshness

oil so evident in cheap, eastern European schnapps.

Most Gössle schnapps is then aged a few years in big demi-johns to allow the fruit aromas to open out. The slower the ageing process, the longer the schnapps will retain its freshness. One apple and one plum schnapps are aged in cask. The latter tastes like the best *shvitsitz* you have ever had.

For me, however, the most delightful are the clear spritzes. Gössle explains their individual quirks and characters lucidly in both German and English, a rare feat in a part of Austria better known for the impenetrability of its dialect.

Naturally high marks go to those made from small berries, as these require great expertise and huge quantities of unblemished fruit: blackberries, raspberries and rowan berries. Personally, however, I derive as much pleasure from a Gössle Williams pear, cherry, apricot or plum schnapps. They may be ten a penny in Austria, but on the other hand, it is here that you sense at once the hand of a master.

■ Information: Alois Gössle, 8333 Riegersburg, Stang 52, Austria. Tel: 00 43 3153 7555, fax 7556. Prices for vinegar: 25 cl. ASch70 rising to ASch155 for the balsam. Prices for Schnapps: 35 cl. ASch160 for *Obster* rising to ASch180 for blackberry or raspberry.

The chef merry-go-round continues in the UK with Giles Thompson, ex-Dunelm House, Buckinghamshire, joining The Ritz (0171-493-8181) from the end of next month as executive chef. A member of the *Académie Culinaire de France* he has also worked at the Grosvenor House and The Connaught.

Thompson will replace David Nicholls who, as already reported, is off to the Mandarin Oriental Hyde Park (0171-235 2000).

At the Langham Hilton in Portland Place, London (0171-636 1000) the new executive chef is Austrian George Fuchs who comes from the Karl Lagerfeld-designed-and-created Hotel Vier Jahreszeiten.

Appropriately enough, Fuchs is especially keen on

seasonal cooking. Jill James

■ Wine lovers who like reading about wine might like to join the mailing list of Butlers Wine Cellar, 247 Queen's Road, Brighton (01273-698724). This local and mail order independent merchant publishes *The Butlers Journal* twice a year, supplemented by taster monthly mail-outs. This is more parish magazine than great literature - the current A5 booklet carries the following caveat on the front cover: "Henry will be away on holiday... Jill and Poly will be holding fort in the shop. Please bear with them if

they have difficulties in finding any of the wines as the cellar is very much Henry's domain (sic)" - but it provides an unusually friendly forum for ordinary folks' discussions of the pleasures and frustrations of buying, keeping, opening and drinking wine, especially odd antique bottles. The wine selection and prices are far from bad either.

Jancis Robinson

■ As part of the glassest so admirably apparent in Champagne, the makers of *grande marque* Charles Heidsieck have decided to put the date the wine was blended



and laid to rest in the cellar on the label of every bottle of its non-vintage Brut Réserve.

The present, most widely distributed bottling was "Mis en Cave" in 1984 and is

likely to cost about £22 at Bottoms Up. Tesco and Unwins. Some specialist shops might also be able to offer wines celled in 1993 and 1992 for comparison. This move should prove mighty educational, although there will now be calls for a date of disgorgement (recording after cellaring) just to add another variable for us wine bores to play with.

JR

■ A delicious summer drink, made with just as much effort as any bottle of champagne, is Gospel Green Sussex Cyder. James and Cathy Lane make this decid-

edly sophisticated dry, alcoholic apple juice sparkle using exactly the same technique as is used in Champagne.

Packaged in heavy champagne bottles, with muzzled cork, it is all of 8 per cent alcohol, about the same as a light German wine and extremely appetising. It makes a fine aperitif and should satisfy the most wine-fixated palate, particularly as a companion to fitter curries.

It costs just under £5 a 75cl bottle at specialist shops such as Clarke's of London W8 or can be bought by the dozen at £43.30 from the pro-

ducers at Gospel Green Cottage near Haslemere; tel/fax 01428-654120. JR

■ Southwark in south London is not a promising place for restaurants. If you live or work there the news that another one has been opened can only be good. In this case it is the Sixty Two Restaurant and Theatre Bar in the Southwark Playhouse (62 Southwark Bridge Road, SE1. Tel: 0171-633 0831).

The style is modern English: herrings with pickled cucumber and cream, corn-fed chicken with chicory salad, calves' liver, bacon and black pudding with garlic mash, wine jelly with raspberries. This was all wholesome and good, but the wine list could do with some attention, especially the whites. About £20 a head with wine.

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PROPERTY

The day of the bargain is over

Kieran Cooke looks at the buoyant Irish property market – and a castle for sale without a roof

If a draughty castle on Ireland's wild Atlantic coast is your ideal, then Roozeys estate agents in Limerick has the perfect property.

Minard castle, on the Dingle peninsula in County Kerry, is on the market for £550,000 (£45,000). The owner must be prepared for some spartan living: Minard, once a stronghold of the Knight of Kerry before being blown up by Cromwell's forces, is derelict, with no roof.

The property stands on just over an acre of rugged, windswept seashore. Roozeys say the best offer it has received so far is around £40,000.

If you are searching for a property of a less eccentric pedigree then be warned: gone are the days of the bargain house in Ireland. While some prices are still reasonably modest compared to the UK, Ireland, with an economy that has grown faster than any other in the European Union over the past three years, has been playing catch-up with a vengeance.

In 1995-96, property prices across the country went up by about 15 per cent. Over the last year they have risen another 10 per cent. In Dublin and some other centres, notably Galway and several towns on the western seaboard, prices have gone up at a considerably faster rate.

Alarm bells have been sounded about the danger of a 1980s British style property crash. Some of the symptoms are evident: people camping overnight to grab properties for sale on a new development in Dublin; speculators buying up flats; bank credit to the housing market rising rapidly.



Within commuting distance of Dublin: Hunters Lodge



With views over Killiney Bay: Gorse Hill



Be prepared for spartan living: Minard castle, on the Dingle peninsula, in County Kerry

Aidan O'Hogan of Hamilton Osborne King in Dublin feels that while buyers should be cautious, they should not be unduly worried about the present bullish nature of the market. "There have been signs of some sanity returning recently," says O'Hogan. "Also, comparisons with the property sector in Britain are not entirely valid. The gap between housing supply and demand is widening. Ireland has a high proportion of people in the 25-to-35 age bracket – the traditional first time buyers."

"These people have smaller families than their parents and both husband and wife probably work. Their parents, members of the first generation in Ireland to have benefited

from state pensions, are often able to hand over considerable sums to their children. Inherited wealth is a big factor driving the property market."

A surge in inward investment has also driven up property prices, particularly in the Dublin area. O'Hogan estimates at least 250 people in the city's new international financial services centre

are earning more than £250,000 a year, with many more on salaries near that figure.

In Ireland's rapidly expanding computer industry, a large number of young people are on salaries of £50,000-£60,000 per annum.

A reasonably sized three-bedroomed Georgian townhouse within walking distance of Dublin's city centre

will cost upwards of £250,000. Larger properties in the more exclusive suburbs can attract London type prices. Dalkey and Killiney, on the coast south of Dublin, are home to many of the rich and famous, including racing driver Damon Hill, members of the U2 rock band, and Neil Jordan, the film producer.

Gorse Hill, on the Vico

Road in Killiney, recently went to auction with a guide price of £800,000. Standing on 1.2 acres with extensive views over Killiney Bay, the house eventually sold for just over £1m.

House prices in centres outside Dublin tend to be between 25 and 40 per cent lower. Hunters Lodge, a three-bedroomed country house with the benefit of a

garden apartment, in the pleasant village of Ennis, is on the market for £145,000 at auction.

Agents report a severe shortage of quality estate properties, with those that do become available being snapped up quickly. Big property bargain hunters search in vain or have to look a considerable distance away from Dublin.

Drimbawn House, on the shores of Lough Mask in County Mayo in the west of the country, sold at auction in July for £1m. Drimbawn has eight bedrooms and is on 64 acres, including eight acres of formal gardens.

Lough Mask is one of the finest trout and pike lakes in western Europe. Drimbawn's past owners include a wife of the Church of Ireland Bishop of Galway, the Jameson distilling family, and Robert Shaw, star of the film *Jaws*.

Agents say foreign interest in Irish properties remains high: British purchases in the market were particularly strong this spring.

However, some foreigners have second thoughts when faced with the considerable add-on costs involved in purchasing in Ireland. Earlier this year the Irish government raised stamp duty on houses costing more than £150,000 from 6 per cent to 9 per cent. Legal and agents fees also tend to be higher in Ireland than in Britain.

Most prime properties in Ireland are sold by auction. "The British in particular find the auction system a bit intimidating," said one agent. "It forces people into making quick decisions and can mean a bit of a gamble. But at least the pain is over quickly."

Dispelling myths in the wild west

Kieran Cooke visits Galway, where the estate agents have to deal with some out-of-date inquiries

The woman in Chicago, speaking to Jeff Smith, an estate agent in Galway, listed her house purchasing requirements.

"It must have three bedrooms and overlook the sea. A decent size garden would be good and I don't want to live more than 10 miles from Galway city."

Smith inquired how much the American was willing to pay. "Ideally, I don't want to pay much more than £25,000 but I'd be willing to go to £30,000 for something I really liked."

One of the most difficult tasks faced by Smith and other estate agents in Ireland is gently rubbing away foreign buyers' preconceptions about the state of the country's housing market.

"Many people perceive Ireland as having an abundance of cheap properties," says Smith.

"Yet I'm afraid the days when you could pick up a rambling Georgian mansion or a ramshackle country cottage for a few pounds have long gone."

"People tend to feel that because the west of Ireland is wild, housing must be easily and cheaply available. Appearances are very deceptive. I was on holiday

in Brittany recently: prices there are very much on a par with here."

Galway proudly proclaims itself to be the fastest growing city in Europe. In the early 1990s, the city's population was 25,000. Now it is nearly 60,000. The Galway chamber of commerce says the city is the third largest in the

Republic of Ireland, after Dublin and Cork.

The chamber estimates house prices in the city to have risen 39 per cent over the past five years – well ahead of increases in other urban areas in Ireland.

A rapidly expanding university, large-scale, mostly high-tech foreign investment in the city – environs, plus growing numbers of tourists have all been factors contributing to Galway's growth. Special tax incentives aimed at encouraging new property development have contributed to the buzz about the city.

Danno Heaslip, another of the more than 20 estate agents in Galway, says the city is drowning in culture and festivals. "In early July there is the Galway horse racing festival. That's followed by the arts festival and you slide into the oyster festival."

"Galway is a lively place and has become a very desirable place to live. There is nowhere near enough

housing to cope with the influx. At least 90 per cent of new houses are sold before they are built."

While both Dublin and Cork have a large stock of older Georgian properties, most houses that come on the market in Galway have been built relatively recently. Heaslip recently sold at auction a modest two-storey, three-bedroom house on the quays – overlooking Galway Bay – for £150,000.

A three-bedroom luxury apartment in the city centre can cost between £140,000 and £180,000. While this might seem expensive for a location which is on the periphery of the periphery of Europe, there are advantages to such a purchase. From some apartments it is possible to fish for salmon from the balcony.

Outside the city, the housing market, particularly for older, character properties is equally buoyant. Clarendonbridge is a village

about 10 miles from Galway, one of the main venues for the downing of oysters at festival time. The old school house has three bedrooms and an acre of landscaped gardens. Heaslip has set a guide price of £200,000.

Cheaper but more draughty is Strongford Castle, 15 miles from Galway on the banks of the Dinkellin River. The castle, built in the 15th century and refurbished 10 years ago, has three bedrooms. Heaslip is selling it for £90,000.

Larger country properties tend to be snapped up. Costelloe Lodge, built in 1925 and designed by Sir Edwin Lutyens, has recently come on the market. On the extreme west coast of Ireland, the lodge is 25 miles from Galway. It has seven bedrooms and various country house facilities, including a billiard room, gun room and powder room.

Costelloe Lodge stands on 12 acres of mature woodland and gardens: included in the price tag of £275,000 are

noted garden sculptures. The property is listed with a number of local and national agents.

The tumbledown Connemara cottage, the dream of the DIY-inclined romantic, is difficult to find these days. Most have already been bought by foreigners or locals, who, with increasing affluence, use the cottages as holiday homes or rent to visitors.

Oughterard, a village on the edge of Connemara, about 20 miles from Galway, has long been popular with foreigners, particularly British fishing folk. May Fly cottage, four miles from Oughterard, is thatched, has three bedrooms and plenty of exposed timbers. It also has an acre of garden. J.F. Smith & Co in Galway has the property on its books at £165,000.

Further west, near the town of Clifden (next stop New York J.F. Smith has another thatched property for sale. The Roundhouse has four bedrooms, with panoramic views of the Atlantic. The price is £139,000.

Heaslip, 27 Wood Quay, Galway, tel: 00353 91 563261 J.F. Smith & Co, Newtownsmyle, Galway, tel: 00353 91 567331

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On the Move

Solicitors spot a niche

Anne Spackman on plans to reform the house-buying process

Solicitors in England and Wales have pounced on the government's recently announced enthusiasm for exploring new methods of buying and selling houses.

They see this as an opportunity to move into the estate agency territory so successfully occupied by solicitors in Scotland.

A new initiative, the Solicitors Property Centres, has been set up under the dynamic former Law Society president, Rodger Pannone. The company aims to operate one-stop, high-tech "shops" of the kind run by the Solicitors Property Centre in Edinburgh.

In Edinburgh, buyers can walk around a large store, where the properties for sale are divided according to area and price.

If they want to find out more details, they sit down at a screen and call up the house on the computer. There are staff to help, but people can operate independently.

Solicitors are hoping to exploit the reputation of the legal profession, compared with the poor standing of estate agencies to lure new business. They also hope that a modern, computer-based system will be more appealing than one in which all the information is controlled by estate agents.

This is not the first time that such an initiative has been tried by solicitors in England. Previous attempts



Haremere Hall, East Sussex, available to rent

have floundered partly through lack of interest. Solicitors face the additional problem that low levels of transactions mean there is little business for which they can compete.

However, there is a sense that the ground in this debate is shifting. The government has made it clear that it empathises with public dissatisfaction with the present system for buying and selling houses. It has also rejected the industry view that the system may not be perfect, but it is the best on offer.

Buying and selling through solicitors will not dispel the worst horrors of the existing system, but it could be a step towards a long-awaited overhaul.

Teams line up

More than 500 house-build-

ers, developers and consultants have responded to English Partnerships' challenge to build a Millennium Village on the Greenwich peninsula in London, announced last month.

English Partnerships is looking for a consortium to deliver a modern urban village, within strict planning criteria, on a site south of the Millennium Dome.

The winning team is expected to include at least two private sector developers, at least one social housing provider plus a number of consultants in the fields of architecture, landscaping and environmental services.

Sevilla, which is handling the development competition for EP, will draw up a shortlist of six consortiums from the opening bids, for which the closing date is September 1.

Devon cottage

Best and final offers are being invited for Warren Cottage, a Grade II house overlooking the Devon coast near Newton Ferrers.

The cottage was built as a luncheon pavilion for Edward Baring, a member of the Baring dynasty, lying half-way around a favourite nine-mile drive from his home at Memblam Hall.

It sits in one acre of gardens, surrounded by National Trust land and with a coastal path leading to a secluded beach below. The accommodation, which is all on one floor, includes three bedrooms, two bathrooms and three reception rooms.

Strutt and Parker in Exeter (01392-215631) has set a guide price of £300,000 and a closing date for offers of September 19.

Hall for rent

Haremere Hall, a grand English country house in 150 acres of parkland, with a swimming pool and tennis court, has become available to rent for a one or two-year period.

The house, at Etchingham in East Sussex, includes six bedrooms and an oak-panelled great hall.

It belongs to Lady Killlearn, who plans to retain one wing for her own use. Egerton (0171-493 0676) is asking a weekly rent in excess of £2,000.

دكتور من النجف

PROPERTY

When the old family house grows too big

Anne Spackman looks at the choices that open up once the children have flown the nest

Death, debt and divorce are often quoted as the mainstays of estate agency, but in anything other than a falling market, the most common reason for selling a country house is that the property has become too big.

Families who moved in with several children, animals and staff find the square feet and acres too great when reduced to one couple plus pet.

For most, it is the first time in 20 years or more that they can decide where they want to live irrespective of schools. Not only are they freed in terms of location, they also no longer need to run their lives according to the rigid timetable of terms and holidays.

Faced with so much freedom, what do they do? Some opt for total change. Hampshire in Hampshire is currently selling the large country house of a businessman, whose nest is now empty. He and his wife plan to spend the proceeds on a plot of land in Ireland and a winter home in Florida.

John D. Wood reports strong demand for small country houses, with good reception rooms but few bedrooms. It recently sold a house near Sydmonton in Hampshire with only two bedroom suites but three good reception rooms for nearly £265,000.

Others decide that having spent 20 years getting their home right, the last thing they want to do is sell. They may feel this is their home for ever.

But for a growing number, a new pattern is emerging. They are selling the family

home in the country and moving into either a converted period building or a smart new development in town. Their top priorities tend to be secure parking, large reception rooms with high ceilings and a high quality specification.

The properties are not necessarily small. At one Octagon development of four-bedroom "family" houses in Esher, Surrey, the majority of buyers were aged over 50. The show house was clearly designed with empty nesters in mind, with one bedroom as a study, another as the main guest room and a third for visiting grandchildren.

Other developments which

'At our time of life you've done the renovating bit and you don't want to do it all again'

have been particularly successful with empty nesters include Beaufort Homes' Regency style apartments in Cheltenham, Gloucestershire, Try Homes' redevelopment of Peninsular Barracks in Winchester, Hampshire, and Persimmon Homes' scheme of 147 homes in Oxford.

Richard Thomas of Knight Frank says buyers tend to spend between £150,000 and £300,000. They want an aesthetically pleasing, high quality new property in a good town centre. "Many of

the empty nesters who have bought an apartment also own a property abroad," he says. "They want the freedom to be able to travel or to visit their children and feel secure in leaving their property for days or weeks at a time."

Below, three empty nesters describe why they made their particular choices when it came to selling the family home.

■ Lady Donner bought a new townhouse on Peninsular Square, part of the former barracks in the centre of Winchester.

"I had spent all my life in a huge country house in the most beautiful position, with wonderful views, but I knew I wanted to move to something smaller. Initially I moved to a house in a village a few miles away, but it had low ceilings and I felt very constricted."

"I had always loved Winchester. When I saw this development, I reserved a house before it had been built. Everyone thought I was mad to commit so soon. Some people also thought I was mad to buy a house on three floors. Others said it was just the thing to keep me going."

"I considered an apartment, but there was nowhere private to sit outside and I wanted my own bit of garden. This house is probably about the same size as the village one, but the high ceilings make it feel more spacious."

"I like the fact that it is high up, for the views, and it's only 10 minutes' walk to the shops."

"The communal gardens were a big attraction. They are being beautifully laid out in a formal style. It is very



Wherever they moor their boat: Pat and David Adkin near their new home on the river Medway

Joanna O'Brien

important that they are properly maintained, even if it costs a bit extra.

"Another reason I came here was to be within fairly easy reach of my children, but not so close as to be breathing down their necks."

"I'm very pleased I moved before I got too old. I didn't want to be surrounded by other old people."

■ David Adkin is marketing manager for the English Fruit Company in Kent. He and his wife have bought an apartment made from three converted railway cottages at East Farleigh on the river Medway, where they moor their boat.

"The last time we moved, our daughter was 13 and the twins had just taken the 11-plus exam. We moved to

Tonbridge in Kent for the good schools and a better environment. When the family grew up and moved away, my wife and I decided we would rather spend our weekends on our boat than keeping up a house with a big garden."

"We were on the boat one day when somebody pointed out a Berkeley Homes development 100 yards away. We weren't considering a flat because we thought it would be too small."

"But this place has two bedrooms, two bathrooms and two reception rooms. We can see the lock from our living room window. It is very pretty. It is about 20 yards from our moorings, so we can spend our weekends going up and down the river."

We sit on the boat rather than sitting in the garden.

"We chose the place partly because of the boating, but also because of the location. It has cut my journey time to work in Canterbury by at least 20 minutes."

"We decided to buy a new property or a conversion, because at our time of life you've done the renovating bit and you don't want to do it all again. We've disposed of some furniture, but the worst thing is managing without the outside space - the garage, greenhouse and shed. The children have done rather well for garden furniture."

■ Brenda Hill and her husband Ben have sold their large family home in Solihull, with a coach house and

tennis court, and bought a flat at Imperial Apartments in Cheltenham.

"We've always bought derelict property and done it up. When we bought our house in Solihull it had been lived in by the same couple since 1939. Nothing had been done to it apart from the garden. This time we decided to go for something modern, though we didn't want to be on an estate."

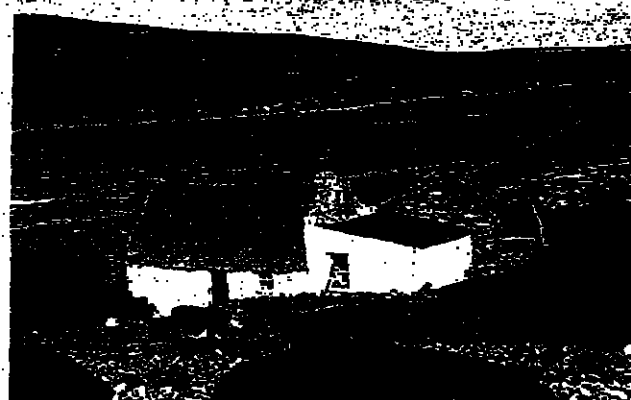
"My husband is a GP in Solihull and the director of the Marie Curie centre. He always said he wanted to retire early. We started visiting Cheltenham at weekends and fell in love with the place. We've been planning this move for some time."

"We bought the apartment before it was built so we've

been able to make changes. We've made the sitting room and the dining room separate and replaced a shower in the cloakroom with cupboards. There is underground parking, a lift and we have a patio because we are on the ground floor. The ceilings are 10ft high and the details are good."

"We are definitely townies. We like walking out of our door and into town. In Solihull we had to drive to the cinema, whereas in Cheltenham we can walk. The shops are also very good and very close. Cheltenham is good for us because both our children are based in Birmingham which is only 40 minutes down the motorway and we have friends further south in the Malvern area."

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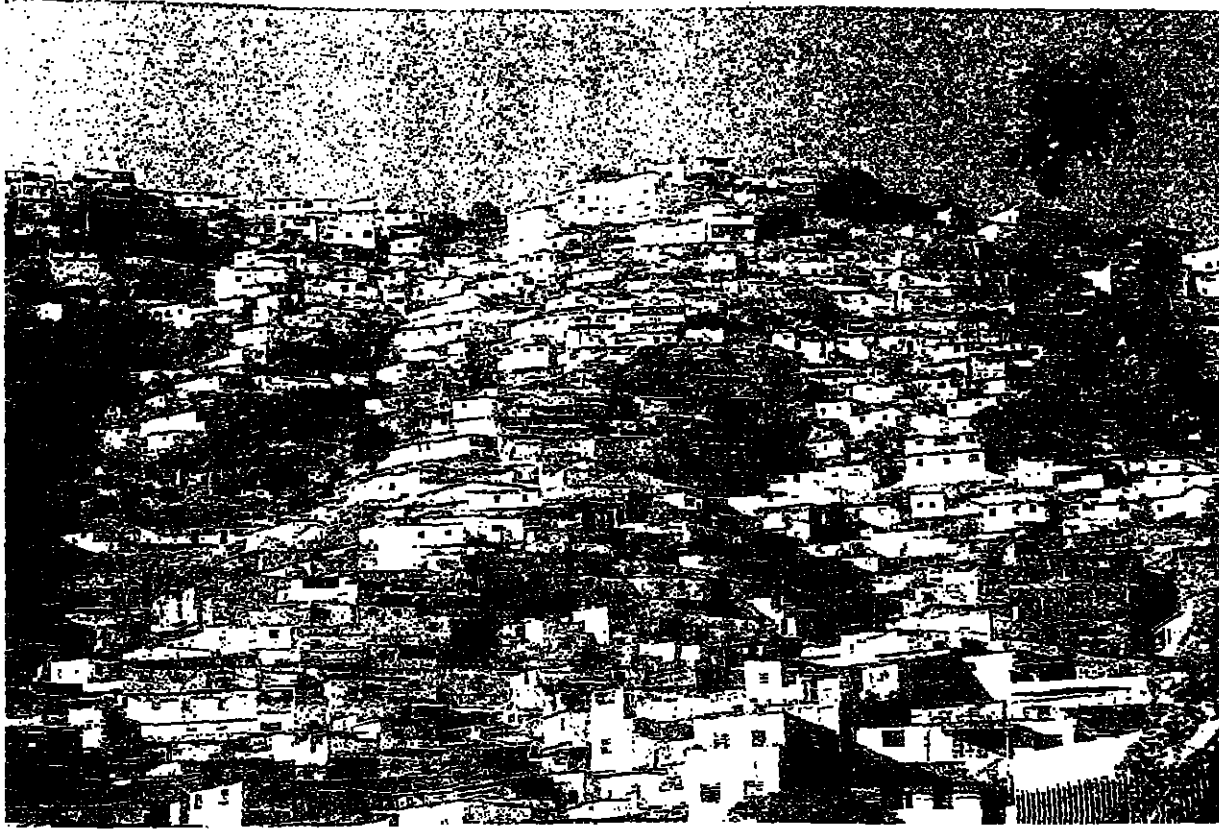
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TRAVEL



Caracas: 'Forewarned about the soaring crime rate, we encountered nothing but helpfulness'

Robert Harding



Barbados: functions like clockwork and has prospered from tourism and the growing financial services sector

John Miller/Robert Harding

Beaches, bad boys and baby goat

Leslie Colitt chooses a holiday of sharp contrasts in the Caribbean and South America

You watch out now for the bad boys at the crossroads, the neatly dressed Barbadian woman cautioned from the side of the road. She was waiting in the broiling sun for a bus.

"If you stop they'll run all over you. They'll rob and cheat you. Now you just drive straight through and don't slow down," she said.

We sped through the intersection, leaving the bad boys to yell and gesticulate at us. A few days later I found their fictional predecessors in George Manning's nervy account of a boy's coming of age in colonial Barbados.

One clings to such encounters on an island which offers few surprises to visitors. Barbados's very predictability may well explain why it attracts so many well-beeled holidaymakers. They get what they are looking for - the comforts of home under palms rustling in a never-ending breeze.

Barbados functions like clockwork, from the telephone system to banking and public transport. Cater-

ing to the whims of north-erners is how Barbados, which once barely eked a living from sugar, has prospered from up-market tourism and the growing financial services sector. The beaches are spotlessly clean and safe. Ours, at Lawrence Gap, was raked each morning by a squad of local women and discreetly patrolled by stern-faced policemen. Everything is geared towards assuring stress-free holidays.

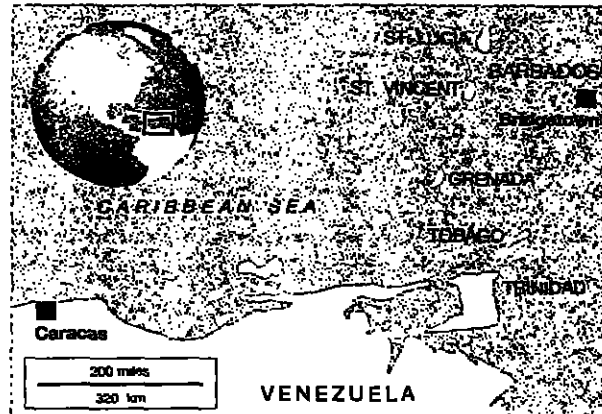
Well, almost everything. Vendors working at Lawrence Gap and the moored cruise ships relentlessly assault visitors with their overpriced wares. Service standards, especially in rental cars, fail to match prices. Our \$75-a-day open mini moke came complete with broken gearshift, electrical wiring dangling to the floor pedals and a grimy windshield.

We - my wife, myself, my son and his girlfriend - set off one afternoon for Bridgetown, our expectations

aroused by the travel brochure photos of "Little England's" quaint capital with its Lord Nelson column and colonial-era buildings. The minibus dropped us off at the last stop and we trudged towards the town centre through back streets strewn with refuse.

Bridgetown, we soon discovered, consisted mainly of nondescript commercial buildings and had lost whatever charm it may have had. At dinner, in what was touted as the town's leading seafood restaurant, each of our entrées consisted of locally caught fish - which might as well have been prepared in some distant, landlocked country.

With a few exceptions, most of the restaurants we tried in Lawrence Gap - said to be some of the best on the island - were mediocre. Yet the many yuppies from Britain and the US could not seem to care less, drowning their taste buds during happy hour in a US-style Irish pub and scorching



them afterwards at a nearby Mexican restaurant.

One evening, as we despaired of trying to find an authentic Bajan meal, our son led us to Braddie's, a local rum shop not listed in any of the local restaurant guides. The minute we entered I knew that this was the Barbados I had been searching for. At first wary, the locals at the bar soon engaged us in conversation. Fred, sitting on one side of

me, was the only white man among them. I tried to place his accent somewhere in the British Isles.

"Oh no," he laughed. "I'm born Barbadian - I've always lived here."

The owner produced a batch of succulent chicken wings which we devoured. Did he have fish by any chance? He disappeared and returned with the answer: kingfish. He set the single table in the adjoining room

on the wrong side of the city. Its only adornment a sun-bleached mural of a snowy winter landscape. We sat down to delicious grilled fish served with golden fries, two spicy sauces and fresh bread. When we left, one of the patrons, a grizzled Barbadian who had been talking with my son, stood up and vigorously shook our hands. The experience was worth more than all the pristine beaches on the island.

We flew to Caracas only a couple of hours from Barbados but a world away in contrasts. The red roofs of the *barrios* gleamed in the setting sun. The sea of shacks in the hills surrounding Caracas appeared less brutal than in the heat of day. At night we gorged ourselves at Urrutia, a Basque restaurant, on marinated fish with loaves of hot crisp bread, incredibly tender baby goat and Mero fish cooked to perfection. Ample forewarned about the soaring crime rate in the sprawling Venezuelan capital, we encountered nothing but helpfulness when we got lost

On our tour westwards from Caracas we savoured frothy, freshly squeezed watermelon, passion fruit and pineapple juices sold at roadside stands, along with baskets of mangoes and tiny sweet bananas.

Small wonder that Venezuelan bars mixed such superb rum punches, made with fresh fruit and not concentrate. We crossed the coastal mountains, winding through a lush cloud forest of immense beauty, then descended to Choroni, a fishing village. A dot on the wild Venezuelan coast of the Caribbean, Choroni has several hostels with small but clean rooms and a beautiful hacienda inn, La Casa de los Garcia, outside town.

The town beach was small and fell well short of Barbados standards with its bottle caps and plastic litter. But the water was clean.

We had tasty fish soup at one of the beachside restaurants, where I may have picked up the intestinal par-

asites which accompanied me home. The village itself had several good restaurants especially the one located at the river bridge leading to the Playa Grande.

The German couple who own it serve superb creole-style Mestizo cuisine. On a sultry Saturday evening, we dined on the veranda overlooking the river. In the distance, stands of bamboo formed a graceful arch across the water while fishing boats were moored nearby. Strains of Afro-Caribbean music wafted across the river from a space in front of the fish transport company building which dancing couples had transformed into an impromptu disco.

Perhaps this was what the Venezuelan historian meant when he said that his people looked outward to the Caribbean rather than inward to South America.

Leslie Colitt stayed at Broom's Apartment Hotel in Barbados (tel: 001246-423 6131, fax 7722). He flew to Venezuela courtesy of Aeropostal Airlines Caracas.

Weekend FT Ski Special

October 4 1997

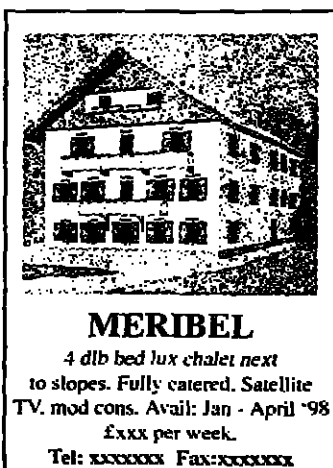
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Back to an old world

Stewart Dalby enjoys what's left of old Alexandria

There are at least three good reasons for starting a short break in Egypt in Alexandria rather than Cairo, now there are direct flights from London's Heathrow airport.

First, the airport at Alexandria is less of an assault course than Cairo. Alexandria is a coastal city so the climate is milder, the city is less congested and frantic than the Egyptian capital.

Second, if you must go to the capital for shopping, the museums, a trip on the Nile or to see the grand pyramids at Giza, it is possible to take a pleasant train ride from the coast. It is air-conditioned, costs £3.90 first-class one way, including drinks and a meal, and it takes just two hours.

Third, there is a marked absence of the aggressive begging and hawking which bedevils travel in third world cities - not to mention parts of London and English coastal resorts such as Brighton and Hastings. There are beggars, of course, but they are not persistent. Alexandria is, or was, one of the great cities of antiquity. Having conquered Greece, the Macedonian general who became Alexander the Great set his sights on Egypt. Once he had subdued the Persians - then occupying parts of Egypt - Alexander built his capital on the Mediterranean fishing port in 332 BC, hence Alexandria.

One of his generals started the Ptolemy dynasty, which ruled Egypt for the following 300 years. The last of the Ptolemys was Cleopatra. When she committed suicide, Egypt became part of the Roman Empire.

During the Ptolemys' rule Alexandria became an important port on the trade routes to India and the East. Its library once contained 500,000 volumes and was a foremost centre of learning. The Pharos lighthouse, a 400ft, offshore tower, was considered one of the seven wonders of the world.

Little remains of this golden age. The buildings and remains of antiquity are buried below the Art Deco and late 19th century Italianate buildings which make up the Old Town. The Pharos lighthouse collapsed in an



Alexandria: it is still possible to linger with literary ghosts

Robert Harding

earthquake around 1300, and the sand-coloured Qaitbay fort, imposing and majestic, is built on the site.

Cleopatra's Needle stands on the Victoria embankment, in London, but Pompey's pillar, 70ft tall, is still in Alexandria.

What is exciting, though, is that either by accident or design - there are a number of excavation and exploration programmes taking place - more ancient architecture is coming to light. A Roman amphitheatre was discovered in 1960 when a Polish contractor was attempting to build a block of flats. Earlier this century, the catacombs of Kom es-Shogafa were discovered when a donkey cart fell through part of the roof. This is the largest known Roman burial site in Egypt.

At the Graeco-Roman museum, you will be told that most of the 40,000 items on display, including some heads of Alexander and the Caesars, were found as a consequence of building work rather than deliberate excavation.

Most interesting is the present underwater excavation in the harbour where a team of divers, led by a French archaeologist, has brought up part of the Pharos.

In the 1930s and 1940s, Alexandria enjoyed a renaissance. There was an influx of Europeans, particularly Greeks. It became a raffish cosmopolitan city of intrigue and commerce with literary

undertones. It still looks like a European Mediterranean city rather than an Arab one. And it was during the pre-war period that Lawrence Durrell's four novels, *The Alexandria Quartet*, were set.

It is still possible to savour the Bohemianism and linger with literary ghosts in the twisty back streets, bookshops and pavement cafes of the Old Town. The Cecil Hotel on the Corniche has been refurbished but not offensively so; it still retains an air of grandeur. It was there that E.M. Forster stayed during the first world war when he was posted to Alexandria as a Red Cross worker.

Durrell would take coffee in the Trianon Café under the Metropole Hotel, across the square from the Cecil. Justine, his fictional heroine, would eat pâtisserie at Pastroudis, another Art Deco café smelling of sandalwood, a few blocks from the seafont and past others filled with men smoking hubbly-bubble pipes and playing backgammon.

Forster became friendly with Constantin Cavafy, Alexandria's most famous native-born poet. Cavafy's house is now a museum. Down a scruffy back street close to the centre, the pink stucco, three-storey building is said to have housed a brothel on the ground floor.

I bought the last copy of his poems at the museum

translated by the Irish poet Desmond O'Grady. His own poem, "Cavafy in Alexandria" gives some of the flavour of the city in its brusher pre-war days.

At the Elite Café, Madame Kristine holds a nightly salon beneath her Pissarro and Toulouse-Lautrec prints. Born 74 years ago to a Greek merchant, she reminisces about Cavafy. "A nice man but he could be difficult, monsieur," she says. "So many people would come, businessmen, millionaires, the opera would come, the theatre. I use to hold regular art exhibitions. It was very lively."

Her brother, son and sister have all left, but she will stay. "I was born here and they are nice to me."

When Nasser came to power in 1956, Alexandria gradually became a resort for the Cairenes. This meant that the corniche, from the Old Town right up to the Muntazah palace at the western end, some 20km, has been filled with undistinguished apartment blocks and holiday homes. The once desolate coastline, stretching to El Alamein, is also sprouting a rash of unattractive resorts. I hope they do not redevelop the Old Town, crumbling though it may be.

British Mediterranean Airways flies to Alexandria three times a week from Heathrow. A business class return costs £2,712 and an economy class return is available from £914. For reservations, call 0845-222111.

هكذا من النجمل

TRAVEL

Spain's eighth city lies in mid-Atlantic, well, fairly close to Africa, and it goes by the name of Las Palmas, once given to the whole island. It is a rum place, Gran Canaria, to use the island's more familiar name, with a reputation for being a stone's throw away from the city of Columbus put in twice on his Atlantic voyages; ancient mansions still remain, white-faced, stone-crowned, with ornate balconies carved in Canarian pine.

Behind me on the square is the Hotel Madrid where Franco spent the night of July 17 1936 and next day launched the proclamation that launched the Spanish civil war.

On the far side of the square is the one-time church of a Franciscan monastery where the bones of tiny babies were discovered. Even closer is the neoclassical Gabinete Literario or Literary Club, founded by an Englishman remembered as Roberto Houghton. Las Palmas is certainly not short on odd associations.

Meanwhile, my friend Antonio Acosta, writer and broadcaster, is chatting on those days, in the 19th and early 20th centuries, when the English merchants gathered there, Houghton among them, to serve a port that was fast becoming a vital link in Atlantic navigation. The port has faded, but much else remains.

The English left their mark on the language, says Acosta. "There's *cambujero* for a salesman, taken from 'come buy one'. There's *sofa*, which is pretty easy, meaning a local type of decorated knife." The English reportedly founded Spain's first golf club, now situated on the tip of the beautiful volcanic crater of Bandanas, behind the town.

The golf club has a sporty-style hotel and a lovely



Dancing in the street: Las Palmas is still an engaging city

Dennis Stock/Magnum

Las Palmas: city of provincial comfort

Adam Hopkins enjoys its ever-more cosmopolitan atmosphere

course designed by Mackenzie Ross. The local aristos and fat cats play there now, along with resident Scandinavians and a few Japanese businessmen. The city below is ever-more cosmopolitan. Russians and Koreans have come ashore from fishing boats and stayed. West African street-salespeople abound. Former residents of the Spanish Sahara, after years of bitter war against Morocco, are there via refugee camps in Algeria. People worry about crime and drugs, just as in any other bigish city, but Las Palmas is comfortably provincial as well.

A glance at either of the two newspapers will show how tight the focus is on local matters, how acute the rivalry with neighbouring Tenerife, and how deter-

mined the Canarios are to make their own the best of the two carnivals.

The city is most engaging, in spite of a multi-lane highway dividing the front from the ocean. At the northern end is the Playa de las Canteras, where cheap restaurants and more expensive hotels rise behind an excellent sandy beach, protected by a low reef.

The promenade is crowded from early morning until well after dark. This is where tourism began, in the 1950s, and the district has subsequently had its ups and downs. To walk the short distance from your hotel to the fairly stately square of Santa Catalina, where locals play chess in the shade of fig trees, you have to pass through a tatty red light district, thronged also with electrical warehouses.

(Though free port status is long gone, there is no IVA or value added tax. Prices for electronics, and for perfume, remain keen.)

That is the northern end. Way, way down at the southern side of the linear city, there lies the oldest part, known as Vegueta. It was founded in 1478 while the Spaniards were trying to conquer the island, battling bitterly with a people still living Stone Age lives. It took another five years to overcome them.

Apart from the handsome Old Canarian architecture, the best thing in Vegueta is the Museo Canario, devoted to that defeated population. Farmers and fishermen (they fished from the rocks, having lost all knowledge of navigation), they seem so close that you can almost touch them.

Evocative archaeological sites are a great feature of the rest of Gran Canaria. There is a Columbus museum, a big cathedral, four centuries in construction, Art Nouveau facades and villas set in gardens - the work of the early English, as you may guess.

Perilously close to some of Spain's least appetising mass tourism, Las Palmas is a place that you can really use and feel.

Adam Hopkins flew from Luton with Britannia Airways, flight only, £219 in June, bookable via Thomson Holidays, ring 0990-329300, or contact your high street travel agent. Ground arrangements were made by Mundi Color (0171-828 6021). One week's B&B in the Reina Isabel Hotel, Las Palmas, costs £233 per person.

The hidden gems along the Borders

Smallholm Tower rises almost impossibly from a huge rock on a hill near the Scottish Borders town of Kelso. All around is desolate, rocky moor, brooding above the fertile farmland which once sustained the Pringles and Scotts who used to live in the 18th century tower.

Places like Smallholm once protected the peasant farmers who worked the land, although that protection was often of the type described in a local word which later entered the English language - black-mail. The Border lands were preyed on for centuries from places like Smallholm by bands of armed robbers, who fought and stole from each other, regardless of nationality, for centuries.

The really successful bandits became rich and obtained more land and titles from monarchs to persuade them to keep the peace - on the poacher-turned-gamekeeper principle. As life became less lawless, fine houses replaced grim towers and along came Sir Walter Scott to romanticise the border reivers and collect old songs about them.

Now reivers' descendants sell cream teas, postcards, shortbread and souvenir mugs in their mansions, and have sold lesser houses to become hotels.

The contrasting landscapes make good touring and walking terrain in an area largely ignored by visitors, too busy dashing through it or flying over it on the way to Edinburgh, Glasgow or the Highlands. It is about an hour's drive from Edinburgh airport, and Great North East Railway runs fast trains from London to Berwick, just on the English side of the border.

With a chain of small towns, instead of a single centre, and without an internationally recognised tourist trap - no Edinburgh Castle or monster-bearing loch to be seen - it is less geared to tourism. The upside of this is that

the sights are less crowded. The downside is that the signposting is erratic enough to make a good road map essential and you should not take anything for granted. We had difficulty finding coffee in Jedburgh on a Sunday morning, and the ruined abbey which dominates the town did not open until 2.30pm.

Some places can be forgiven for opening late: there were few visitors to the chilling bulk of Hermitage Castle, a few points higher than Smallholm in the grimness league, lurking in wildish territory near nowhere in particular. It looks like a place which has seen much murder and treason, as indeed it has. There is even the statutory connection with Mary Queen of Scots.

There is even the statutory connection with Mary Queen of Scots

Hermitage is in the western marches of the borders, where the scenery is wilder. Hawick and Selkirk, the main centres, are practical mill towns, less geared to tourists than eastern centres such as Eyemouth, Kelso and Melrose.

There is a good sprinkling of cast-off country houses, much patronised by fishing parties and golfers, including Sunlaws, near Kelso, and Chirsides House, a hidden star near Duns, as well as good central hotels in most of the principal towns.

Many of these towns also have the shells of the huge Border abbeys, burned in the 1540s: just Henry VIII's way of trying to promote the marriage of his son Edward to the infant Mary Queen of Scots. Gallows humour refers to the episode as the "rough wooing".

At the other extreme there are great houses: Adam-

built Paxton House and Melroser in Berwickshire, Scott's redoubt of Abbotsford, near Melrose, Thirlstane, Traquair, and the enormous Floors Castle - basic model by William Adam, grandiloquent flourishes by Giles Playfair - built just far enough from Kelso to be away from the prying eyes of the 18th century townfolk.

Paxton is an 18th century Palladian gem, created by John and James Adam - the interior was finished by the third brother, Robert - for a peer of the realm who had the mistaken impression that he was going to marry the daughter of Frederick the Great of Prussia. Fifty years later, an extraordinary picture gallery was added, now used by the National Galleries of Scotland.

The house claims the best public collection of 18th and 19th century furniture in Scotland, including most of the house's original Chippendale furniture, and an inventive teddy bear trail attempts to keep children amused for long enough to enable parents to enjoy it.

In contrast to the unified Georgian sophistication of Paxton, Abbotsford is an individualistic Regency mansion built with the wealth of Scott's successful legal career, with eclectic furnishings ranging from Baeburn paintings to loot from Waterloo.

Baeburn also features strongly at Floors, along with Matisse, Gainsborough, Reynolds and Augustus John. Its acres of rooms have plenty of space for antique furniture and porcelain, and walls hung with 17th century Brussels tapestries. But think hard before you get engaged there - the omens are not good - the publicity says that is what the Duke and Duchess of York did.

Tom Lynch

Tom Lynch travelled as a guest of the Scottish Borders Tourist Board, High Street, Selkirk, tel: 01750-20555.

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MOTURING / OUTDOORS

The smelly jelly with plastic fantastic

East Germans knew the Trabant as the Legend on Wheels. Ivor Williams raises an eyebrow

Q: Why does a Trabant have only one exhaust pipe?
A: Because, if it had two, it would be mistaken for a wheelbarrow.

The Trabant - along with such others as Moskvitches, Ladas, 2CVs and Skodas (before Volkswagen got its hands on that company) - was the butt of myriad jokes. Were they a little unfair on the car that kept East Germans on the move for decades?

The spluttering, boxy little vehicle - the company hailed it as the Legend on Wheels - was born in 1957 at Sachsenring Automobilwerke Zwickau (SAZ) in East Germany. The name Trabant, meaning satellite, was adopted after the Soviets put the first Sputnik in space.

Production of the car, for which an East German had to wait up to 15 years, averaged 140,000 a year. After some early modifications, the 18hp Trabi, as it was known affectionately, hardly changed.

The body was made originally of resin-reinforced papier-mâché, but later Trabis used plastic resin reinforced with fibre, including cotton waste.

Bob Beauchamp, 52, who owns the Fairfield garage in

Birmingham, enthuses over the bodywork. "Objects just bounce off the body if the car's not going too fast," he says. "And going fast is difficult." This is just as well - a Trabi body was reduced to rubble in one 28mph German crash test.

Nonetheless, Beauchamp has sold dozens of them. Six went in one go to the Irish rock band U2, which used them to promote its album

Achtung, Baby.

Beauchamp snapped them up after swarms of Trabis wheezed across the border into West Germany after the fall of the Berlin wall. At that time, East Germans were trading their Trabis for West German models as if the former were going out of fashion (they were). And since the Trabis were the only asset thousands of refugees took with them in their

exodus, the authorities in Bonn waived emission control rules for them.

Beauchamp offered friends and relatives a free weekend in Germany if they promised to bring Trabis back to the UK. He then sprayed the mostly dull, grey cars in bright colours and sold them, mainly to youngsters looking for a cheap run-about.

What about handling and

roadholding? "Absolutely appalling," says Beauchamp. "It's like trying to drive a giant jelly. But they're as tough as old boots - they were built to withstand the ruts and holes of East German roads. They even have independent suspension - although, sometimes, the suspension appears to be independent of the car. But they just don't die, and the plastic body means they

never rot."

Beauchamp reckons he can get 85mph from his own Trabi if the wind is in the right direction (one of the few ever to become a company car, perhaps?) but, for the 0-60 mph figure, "you'd need a calendar".

As for instruments, the cars have a speedometer (in kilometres) and not much else. Some had a crude device to tell how much fuel

you were using but, with most, you have to consult a dipstick in the tank, which is under the bonnet. The seats are minimal in the extreme and have no neck restraints.

And repairs? "A piece of cake," says Beauchamp. "Anybody with a ounce of mechanical know-how can work on them. Most of them have a 600cc, two-cylinder, two-stroke engine and you can get the whole thing out in no time." He adds: "The record for getting an engine out and back again and running is 14 minutes."

There has even been a "classic" Trabant rally along the famous Route 66, the first US highway to link east and west, and one entered the Monte Carlo rally in 1992. A Jaunt from Leipzig to Morocco and back took place the same year, after failed attempts to get them into the Paris-Dakar rally.

You can customise them, too. A store near Frankfurt sells moulded mahogany gearsticks, sporty leather Italian steering wheels, and front and rear spoilers. And it can supply a convertible version.

The problem of recycling has produced some novel solutions. Werner Reichelt,

who helped to start the design process in 1952, presided over the destruction of the cars in 1993 at a recycling plant where they were made. Old Trabis were turned into flower pots, carpet backing, park benches - even road foundations. Dead Trabis are flattened by a roller, then shredded and chopped. The ensuing pile of plastic chips is then ready for recycling.

In east Berlin, a company has developed a process for melting down Trabis and transforming them into fuel, while a biotechnological laboratory has developed bacteria that is claimed to eat a Trabi in 20 days, leaving only a small pile of compost.

The last Trabant, number 3,096,099, rolled off the production line on April 30, 1991 but lucky residents of Uzbekistan, in the former Soviet central Asia, may soon be able to sample its delights. According to a report in *Tashkentskaya Pravda*, the country plans to restart production of the Trabi, initially as an invalid vehicle.

Beauchamp sums up those delights: "It's terribly dated, slow, smells, is unstable, incredibly noisy, with a minimum of brakes. But it's also a lot of fun."

"Want to buy one?"



Stalling a silver-winged Porsche 911 Turbo right in front of the beautiful people on the Carlton Hotel terrace in Cannes does nothing for the image. But why worry? It was a minor set-back following a triumphal, top-up passage across France, borne along in the ultimate Volkswagen with the acceleration of a Phantom jet, the thirst of an Australian sheep shearer and the pulling power of Pamela Harriman.

A Porsche that's made for posers, not wimps

CP

suppose so, though heaven knows when I'll get the chance to give it a run."

The chance had to wait all of 20 minutes after his aircraft had taken off from London's Heathrow airport. First, a tentative trip or two around town, getting used to a clutch guaranteed to give you calf muscles like a shot-putter, and to a throttle which delivers 0-60 mph (96.5kph) in under four seconds and threatens to arrange an early rendezvous with the Mir space station.

Only one statistic is more impressive: the air-cooled craft comes to a standstill from 60mph in just 2.8 seconds. Next, test out its 400 horsepower up a motorway. The trick is to remember you can reach the legal speed limit in the time it takes to say "guilty, sir" - and also to pass under, rather than over, the bridges.

Apart from that, there is really not much advice you can give anyone driving a Porsche Turbo for the first

time; just hang on to the steering wheel and aim. Whatever you do: ■ Don't slow down around corners - the beast despises wishywash indecision. ■ Do try to avoid debris: one new tyre can set you back £500. ■ Make sure the 10-speaker stereo system is screaming something suitable by the Smashing Pumpkins. But enough of the technicalities. The main purpose of the car lies in its prowess as a 185mph

(298kph) posing machine. If you do not like being stared at, scrutinised and dissected; if you are not prepared to dress permanently as though you are on your way to watch polo with Prince Charles - forget it. On Le Shuttle between England and France, passengers gathered to watch my wife and I eat our sandwiches self-consciously and to guess the width of the tyres. In St Paul de Venice, we were stars,

watched every step as we casually choreographed our emergence from the cockpit. In Amiens, we were asked for our autographs; in Venice, we were immortalised on video; in Aix-en-Provence, a car park attendant pleaded with us for a spin - to London; in Carpentras, garage mechanics clapped as we refuelled. There was the odd worrying moment - one recalls particularly the 20-strong group of

Juan-le-Pins party-goers who all tried to climb through the sun-roof to kiss us. Sadly, we let down most of those who go potty over a Porsche; we are, after all, far too feeble to be allowed to clean its windows, let alone drive the thing. Everywhere we went, expressions of longing and lust were not directed at a driver and navigator of a certain age; we were the anti-climax, the furry fruit in the bowl of glistening

cherries. If we had worn bobble hats and plastic sandals, we would have drawn the same looks. My wife was unperturbed but I felt my age, a greying impersonator grasping at years gone by but, nevertheless, wishing my nephew would stay in Sydney until he picked up his pension. It is not to be. He is staying down under for a while - so, he is selling the dream machine. Infamy. Betrayal. Time for a touch of nepotism? Should we make him an offer? Sell our second home and keep the Porsche in the family? My wife mutters: "Grow up and grow old gracefully," and she is right, of course. How on earth could we keep a car as demanding as a Tamagotchi and 10,000 times more expensive? For goodness' sake, it has got enough luggage space for only one suitcase, a cool-box and three bottles of Pommery. But I still suspect she could be tempted. The other day, she said: "I suppose if we bought one of those little wooden trailer things to hitch to the back, it might work." On second thoughts, I'll settle for happy memories. Back to the boring BMW.

Michael Cassell

Road Test / Stuart Marshall

VW works wonders on dowdy Skoda

No longer can the Felicia be dismissed as a poor relation of west European cars

It is fair to say that the Skoda Felicia and SEAT Arosa are at the bottom of the Volkswagen Group's six-model pyramid. But, bearing in mind that most of their mechanical bits and pieces are also used in Volkswagen-badged cars - and even in up-market Audis - their prices are keen. Arosas start at £6,995 and the cheapest Felicia is only £5,999.

The main difference between them is that the Arosa is a brand-new model while the Felicia is a hang-over from the days before the Berlin wall came down. At the time of the Felicia's conception, Skoda was a state-owned industry. Its products were sold mainly in the eastern bloc, where buyers were glad to be able to buy something better than the rubbishy antiques from the Lada, Moskvitch and Trabant factories (see

top story). Not long after the communist regime collapsed, Volkswagen moved into Skoda and, ultimately, took control. Production facilities for the Felicia and the new Octavia are now among the most modern in the world.

New management, massive investment, the use of Volkswagen mechanical and electrical components and rigorous quality controls have transformed Skodas.

No longer can the Felicia be dismissed as a poor relation of west European cars. And when the new Octavia arrives in Britain early next

year, it will further change public perceptions of Skoda, because this pleasantly styled, VW Passat-sized car has the mechanicals of an Audi A3 but will sell from £10,000 upwards.

Not having driven a Skoda (other than the new Octavia) for some years, I was agreeably surprised when I spent a recent week with a Felicia 1.6-litre GLXi estate, which costs £8,899. The engine (75 horsepower at 4,500 rpm) ran quietly but did not pull very strongly at low revolutions, so the silky five-speed gearbox and light clutch had plenty of use.

Cruising on the motorway, the Felicia estate is unstressed, but ride comfort is not its best feature. Even on smooth roads, it is bouncy. On rougher country roads, it heaves up and down when running light, although the ride improves with a full load.

The power-assisted steering is light at low speeds and when parking, adequately precise when driving on winding roads. Inside, the Felicia estate is quite attractive. It seats four adults without squashing and its load capacity is reasonable, although heavy

things have to be bumped over a raised sill.

There are one or two oddities. For example, the central locking works only on the doors, not the tailgate. And there are separate switches for the parking lights and headlights.

Compared with the dismal east European cars of a few years ago, the Felicia is impressive. Although benefiting enormously from VW Group's input, it is still not quite the equal of a modern west European or Far Eastern car. But then, of

course, neither is its price. The Arosa, which goes on sale in Britain next Monday, is clearly a close relative of that excellent small car, the VW Polo. Prices, though, start at £6,995 for a one-litre three-door - which, remarkably, includes power steering - against £8,418 for a comparably equipped Polo. At a mere 11ft 4in (3.5m) long, the one-litre Arosa has the makings of an ideal city runabout. It is roomy inside because it is the tallest car in its class, feather-light to drive and economical: 37.7 mpg (7.1/100km) in the urban cycle. Whole-life

costs and retained values will, it is forecast, be unmatched. Air-conditioning is a £750 option.

Even better in the urban/suburban runabout role is the 1.4-litre Arosa automatic (27,895), which has golf buggy ease of driving coupled with livelier acceleration than the one-litre manual. The downside is heavier fuel consumption, but these things are relative: a combined town-and-open road figure of 38.7 mpg (7.1/100km) is hardly excessive. The one-litre Arosa's low gearing - just under 20 mph (32 kph) per 1,000 rpm in

fifth gear - makes it flexible in town but rather buzzy at higher speeds. I would not relish spending a full day on a motorway in one. In spite of its small size, the Arosa rides well because it has a long wheelbase and its handling is neat and tidy. Another new SEAT introduction is the Ibiza TDI, claimed to be Britain's most economical car. It has a combined figure of 68.9 mpg (4.79/100km) and an urban consumption of 40.9 mpg (6.9/100 km). The engine is VW Group's unsurpassed 1.9-litre diesel with electronically controlled direct injection. Gearing is relaxingly high for motorway driving, yet its general performance is more hot hatch than super economy. It costs £11,595 (three-door) and £11,995 (five-door). Like all SEATs and Skodas, it comes with a three-year, unlimited mileage warranty.

Gardening

Set seed now to bring blooms next summer

Robin Lane Fox hacks through the late season melée

This hot, dry August has surprised those of us on quick-draining soils. Horrible echoes of 1996 have started to develop in the flowerbeds. Anything susceptible has started to droop and I have been cutting my way through the jungle before placing strategic hoses to bring the leaves of wilting Veronicas and autumn-flowering Rudbeckias back to normal.

While cutting the jungle, you notice how much of it is already setting seed. The most persistent flowers in my garden are those which were raised from seed. Ideally, you should have started new ones off last month, but it is still not too late to experiment, armed with the catalogues of Thompson & Morgan of Ipswich and Chiltern Seeds of Ulverston in Cumbria. There are other good sources, but these two give most of us all we need for a lifetime.

Seed is already forming on one of my special favourites

which you can introduce by growing from a packet, sown in the next fortnight. The family Lychnis has very few members which are not worth a try, but the one which attracts most inquiry in a prominent place in our Oxford borders is *Lychnis coronaria oculata*.

It is an almost white form of the ordinary Rose Campion, but it has a pink centre and pink, radiating lines in the middle of the flower which fade as it ages. The fading is as pretty as it is in its high season in June and, as a result, this particular form looks charming for

more weeks than the others. It is amazingly easy to germinate and grow and I recommend it as one of those plants which you dot around or repeat near the front of a long border as it grows about two feet high. Once you have it from seed, you can divide it in spring, which it slightly dislikes, or you can dig up all the seedlings which it scatters round. Seed-sowing now may sound a chore, but this under-patronised plant is one you will bless.

Unless you ram a fork or trowel in them in the close season, you will also bless

my mainstays of the moment, the Platycodons, sometimes known as Balloon Flowers. They are closely related to Campanulas, but they look their best in August and delight in dry weather. It would be absurd to buy them at £2.80 each when you can grow them by the hundred from seed sown now. The blues and whites are excellent and I have come round to the pale pink. The recent introductions of half-hardy Salvias have certainly changed the range. They have changed it so much that we risk forgetting the excellent sky-blue variety which I have just been dead-heading, finding that its flowers from June are already setting seed.

Salvia haematodes is a wonderfully obliging variety which sends up stems about three feet high from a flat clump of leaves which can then be lost in the late summer melée. It comes up very easily from seed sown now.

This weekend, I am imitating a friend who has tantalised me for the last two Mays with his brilliant shows of Iceland Poppies. They light up his garden while mine is waiting for the paeonies. But now they are



Lychnis coronaria oculata: easy to germinate A-Z Botanical Collection

spreading everywhere by seeding themselves. Papaver nudicaule is the basic name and now is just the moment to start them off by sowing them into well-watered open ground. I tend to forget to water them enough and although they dislike transplanting, I am starting mine in boxes

where they will strike my consciousness more often. They are one of those plants which you can dot all over the place and then reckon to keep for life as they seed themselves. The reds, oranges and yellows are the whole point of the exercise. None of these experiments is at all difficult. If you can

grow radishes, you can grow any of the easy friends I have mentioned. Personally, I like to sow them all in a pot or box, surfacing them with Vermiculite which can now be bought in any plant shop. Wet it after you have sprinkled it on top of the seeds and it will minimise the watering until germination.

You can then prick the results into boxes and plant them out next spring or even in late October. Allow for the habit of the Platycodon, which vanishes from sight until early summer but is never dead, only at risk from your weeding.

It is always fun to have raised your own and conspired successfully against cruel mother nature. It is particularly pleasing when you raise 40, or 50 plants with ease, remembering that each of them would cost you £2.50 or more from a nursery which is also about to sow them. You are not weekend readers of a financial paper for nothing.

دكتور من النشمل

INTERNATIONAL ARTS GUIDE

What's on around the world

AMSTERDAM

EXHIBITIONS
Rijksmuseum
Tel: 31-20-673 2121
Whistler and Holland: paintings and etchings by James McNeill Whistler (1834-1903), who made several journeys to the Netherlands between 1883 and 1903, most famously in 1889, when he produced 14 etchings and paintings of Amsterdam. Also included are works by Dutch contemporaries; to Nov 9

BERLIN

CONCERTS
Konzerthaus Tel: 49-30-203080
● Berlin Symphony Orchestra: conducted by Jiri Belohlavik in works by Brahms and Dvorak. With violin soloist Viktor Tretyakov; Aug 23
● Berlin Symphony Orchestra: conducted by Elisha Inbal in works by Komagata, Ligeti and Beethoven, with cello soloist Peter Bruns; Aug 28

BONN

EXHIBITIONS
Kunst- und Ausstellungshalle der Bundesrepublik Deutschland
Tel: 49-228-917 1286
Singer Polka: subtitled "The Three Lies of Painting" this show includes some 180 loans documenting Polka's work from 1962 to the present, and will transfer to Berlin's Hamburger station for that building's opening; to Oct 12

EDINBURGH

Edinburgh International Festival
Tel: 44-131-473 2000
CONCERTS
● Bank of Scotland Fireworks Concert: Brad Cohen conducts the Scottish Chamber Orchestra in the traditional Festival finale. The programme includes Shostakovich's Festival Overture and works by Handel and J. Strauss. If you can't get a ticket, try the view from Calton Hill; Aug 28
● Bach Organ Works: organist Peter Hurford plays a series of 15 concerts at Greyfriars Kirk. The performances are Tuesdays to Saturdays at 5.45pm. On Thursdays he is joined by singers of the Duncedin Consort; to Aug 30
● Black on White: by Heiner Goebbels, whose jazz, rock and world music-influenced compositions have won him European celebrity, although he remains a relative unknown in the UK. This piece, subtitled *Music Theatre for Eighteen Players*, is performed by Ensemble Modern, with sets and lighting designed by Jean Kalman, costumes by Jasmin Andress; at the Royal Lyceum Theatre; Aug 29

● Archive Recordings: as part of the Festival's 50th birthday celebrations, the Music Performance Research Centre at the Bannockburn Library has loaned a selection of archive recordings of concerts given during the early years of the Festival, which can be heard Mondays to Saturdays until Aug 30, at the Queen's Hall. Featured artists include Maria Callas today, Joan Sutherland on Tuesday and Leonard Bernstein conducting the LSO on Thursday. Tickets cost £2, most recordings last 45 minutes and begin at 2.15pm (1.30 on Saturdays)
● Prokofiev & Stravinsky: A Piano Celebration. This pair of concerts showcases Russian talent, according to a tradition whereby major teachers take their best pupils and give group recitals. Prokofiev's Piano Sonatas were performed on 17th; Stravinsky's Piano Music is performed tomorrow by a class of Russian students taught by Alexander Toradze

DANCE

● Nederlands Dans Theater III: Tears of Laughter, choreographed by Jiri Kylian. Sister company of Nederlands Dans Theater I, formed for mature dancers; Programme of five separate works; at the Edinburgh Festival; Aug 28, 29
● San Francisco Ballet: in two works by Balanchine - Stravinsky's *Violin Concerto* and *Symphony in C* - and Artistic Director Helgi Tomasson's *Sonata*, set to music by Rachmaninoff; with the Royal Scottish National Orchestra, conducted by Emil de Cou; Aug 23, 24
● San Francisco Ballet: second programme opens with *Drink To Me Only With Thine Eyes* by Mark Morris to music by Virgil Thomson, followed by *The Dance House* by David Bintley, to music by Shostakovich and *Cris-Cross* by Helgi Tomasson to music by Scarlatti and Schoenberg; with the Scottish Chamber Orchestra conducted by Emil de Cou; Aug 24

OPERA

Ariadne auf Naxos: by Richard Strauss. This Scottish Opera production, directed by Martin Duncan and conducted by Richard Armstrong, provides an unusual opportunity to see the opera in the context originally conceived for it: as an operatic diversion, to be performed in a version of Moliere's play *Le Bourgeois Gentilhomme*. The play is performed in English in a translation by Jeremy Sams; at the Edinburgh Festival Theatre; Aug 24

THEATRE

● The Cherry Orchard: by Anton Chekhov. After the success of last year's *Uncle Vanya*, Peter Stein returns to Edinburgh with Chekhov's most famous play. In a Salzburg Festival production seen there in 1995 and 1996, Jutta Lampe is Ranyevskaya. Performed in German with superlatives; at the Edinburgh Festival Theatre; Aug 28, 29
● The Cocktail Party: by T.S. Eliot. Premiered at the 1949 Edinburgh Festival, this Royal Lyceum Theatre Company production of Eliot's drawing room comedy seeks to illuminate its



Men's fashions illustrated in a 19th century fashion magazine, on display in 'The Dandy' exhibition at the Museum Het Paleis, The Hague

hidden depths; the director is Philip Frank; at the King's Theatre; Aug 25-30
● Measure for Measure: by Shakespeare. Directed by Stéphane Braunschweig. Unlike *The Winter's Tale*, which was Braunschweig's French language contribution to the 1994 Festival, this production, staged by the Nottingham Playhouse, is in English; at the Royal Lyceum Theatre; to Aug 26

EXHIBITIONS

National Gallery of Scotland
Tel: 44-131-624 6200
The Portrait of a Lady: Sargent and Lady Agnew. "Lady Agnew of Lochnaw" by John Singer Sargent (1856-1925) is the centrepiece of this exhibition which includes more than 20 portraits by Sargent himself - including Ellen Terry and Ethel Smyth - as well as works by his contemporaries and memorabilia from his studio; to Oct 19

Royal Scottish Academy

Tel: 44-171-624 6200
Sir Henry Raeburn (1756-1823): major exhibition of around 70 works by this most famous of Scottish painters, bringing together the works owned by the National Gallery with loans from around the world. The exhibition will travel to London; to Oct 5

Scottish National Gallery of Modern Art Tel: 44-131-624 6200
Matthew Dalziel and Louise Scullion: Endlessly: first showing for video installation created by the young Scottish artists on Scotland's north-east coast; to Sep 14

Scottish National Portrait Gallery

Tel: 44-131-624 6200
The Face of Denmark: the product of an exchange organised with the museum's Danish counterpart, this exhibition will include works from the period 1750-1840 and portraits of famous Danes including Hans Christian Andersen and Kierkegaard. In return, Scottish portraits will travel to Denmark in the autumn; to Aug 31

GLASGOW

EXHIBITIONS
McLellan Galleries
Tel: 44-141-331 1854
The Birth of Impressionism: more than 150 works including paintings by Monet, Sisley and Pissarro are presented here in relation to the work that went before them. The six galleries tell the story of Impressionism's reception by the French artistic establishment as well as suggesting the influence of photography, railways and Parisian cafe society on the new painting; to Sep 7

LONDON

BBC Proms, Royal Albert Hall
Tel: 44-171-589 8212
CONCERTS
● BBC Philharmonic: In works by Sibelius, Tchaikovsky and Grieg - whose Piano Concerto in A minor is played by Leeds Piano Competition winner Ilya Itin. UK premiere of *Old Russian Circus Music* by Russian composer Rodion Shchedrin. Conducted by Vassily Sinafsky; Aug 23
● BBC Singers: conducted by Bo

Holten in a programme which includes works by Brahms and Schoenberg; Aug 26

● BBC Symphony Orchestra: conducted by Oliver Knussen in a programme which combines English and American folk songs and includes the European premiere of Elliott Carter's *Allago scorevole*; Aug 26

● Dallas Symphony Orchestra: conducted by Andrew Litton in two American works, Roy Harris's *Symphony No. 3* and Barber's *Violin Concerto*, with soloist Joshua Bell. After the interval, Tchaikovsky's *Symphony No. 5* in E minor; Aug 24

● John Dankworth conducts The Dankworth Sextet, BBC Big Band and BBC Concert Orchestra in a joint 70th birthday tribute to Gershwin and Duke Ellington, with Cleo Laine; Aug 29

● Leipzig Gewandhaus Orchestra: conducted by Sir Neville Marriner in a programme which includes the UK premiere of Hans Werner Henze's *Second Sonata for Strings*, Mendelssohn's *Violin Concerto* in E minor, with soloist Leila Josefowicz, and Schubert's *Symphony No. 9*; Aug 27

● Leipzig Gewandhaus Orchestra: Alfred Brendel performs the Piano Concerto in A minor Schumann wrote for his wife. The programme includes works by Wagner and Mendelssohn and is conducted by Sir Neville Marriner; Aug 28

● Roger Norrington conducts the National Youth Chamber Orchestra in works by featured composers Bartok and Schubert. Haydn's Cello Concerto No. 1 in C major is performed by BBC Young Musician of the Year winner Nathalie Clein; Aug 24

OPERA

Count Ory: by Rossini. Semi-staged performance given by the Glyndebourne Festival Opera, with the London Philharmonic Orchestra conducted by Andrew Davis; Aug 25

EXHIBITIONS

National Gallery Tel: 44-171-839 3321
Seurat and The Bathers: places Seurat's great "Bathers at Asnières" in a context provided by his own earlier work, and studies and drawings for the painting, as well as works by predecessors who influenced him, and by his Impressionist contemporaries; to Sep 28

National Portrait Gallery

Tel: 44-171-3060055
The Pursuit of Beauty: Five Centuries of Body Adornment. Organised by the Education Department, this chronologically arranged exhibition traces the history of fashion through the art of portraiture; to Oct 26

Tate Gallery

Tel: 44-171-887 8000
Mondrian: Nature to Abstraction - a series of drawings and paintings of trees and the sea, executed in Paris before 1914, forms the core of this exhibition of works loaned by the Gemeentemuseum in the Hague. The 60 works selected trace the artist's development towards the mature abstraction of his famous grid paintings; to Nov 30

THEATRE

Alwyck Tel: 44-171-416 6008
Life Support: Alan Bates stars in a new

comedy by Simon Gray, directed by Harold Pinter

National Theatre

Tel: 44-171-928 2252
● King Lear: by Shakespeare. Highly praised production directed by Richard Eyre, with Ian Holm in the title role; Cottesloe Theatre; in repertory

● Amy's View: Judi Dench and Samantha Bond star as mother and daughter in a new play by David Hare directed by Richard Eyre; Lyttelton Theatre; in repertory

Shakespeare's Globe

Tel: 44-171-401 9919
● Henry V: by Shakespeare - Mark Rylance stars as the young king in a production directed by Richard Olivier and designed by Jenny Tiramani; in repertory

● A Chaste Maid in Cheapside. First performed in 1613 at the Swan Theatre, Thomas Middleton's comedy has been chosen for the theatre's opening season for its vivid portrait of London in the early 1600s. Directed by Malcolm McKay; in repertory

● The Maid's Tragedy: by Francis Beaumont and John Fletcher. Directed by Lucy Bailey; in repertory

The Old Vic Tel: 44-171-928 6855

● King Lear: Peter Hall directs Shakespeare's tragedy for the first time, in a production based on the 1923 text with Alan Howard in the title role; in repertory

● The Provoked Wife: Lindsay Posner directs Alison Steadman and Michael Pennington in Vanbrugh's comic take on sexual politics in Restoration England; in repertory

● The Seagull: by Anton Chekhov, in a version by Tom Stoppard directed by Peter Hall. Felicity Kendal is Madame Arkadina, Dominic West her unhappy son, Michael Pennington her lover; in repertory

● Waiting for Godot: by Samuel Beckett. Ben Kingsley and Alan Howard play Estragon and Vladimir. The director is Peter Hall; in repertory

LOS ANGELES

EXHIBITIONS
Museum of Contemporary Art
Tel: 1-213-6266222
● Jeff Wall: first retrospective exhibition of the Canadian artist whose photographic work draws on the narrative traditions of tableau painting; to Oct 5

● Joseph Cornell: Connections to the Permanent Collection - installation of a selection of works which were part of a gift received by MOCA last year; to Sep 14

LUCERNE

International Festival of Music
Tel: 41-41-210 3080
CONCERTS

● Adrienne Soós and Ivo Haag perform piano duets by Schubert; at the Union; Aug 26

● Andrés Schiff: recital of Schubert piano sonatas; at the Union; Aug 24, 26, 28

● Anne-Sophie Mutter performs works by Brahms, accompanied by Lambert Orkis; at the von Moos-Stahl-Halle; Aug 27

● Nederlands Blazers Ensemble: conducted by Reinbert de Leeuw in works by Rihm and Stravinsky; with pianist Peter Donohoe; at the Lukaskirche; Aug 23

● Royal Concertgebouw Orchestra: conducted by Riccardo Chailly in a programme of works by Strauss. With cello soloist Godfried Hoogeveen and viola soloist Ken Haldi; at the von Moos-Stahl-Halle; Aug 25

● Royal Concertgebouw Orchestra: conducted by Riccardo Chailly in works by Kauris, Rachmaninoff and Stravinsky; with piano soloist Arcadi Volodos; at the von Moos-Stahl-Halle; Aug 26

● Swiss Philharmonic Orchestra: conducted by Mario Venzago in works by Mossolow, Honegger, Prokofiev and Shostakovich; at the von Moos-Stahl-Halle; Aug 24

● Tenor Peter Schreier performs works by Schubert, accompanied by Andrés Schiff; at the Union; Aug 25

● Warschauer Nationalphilharmonie: conducted by Kazimierz Kord in works by Dvorak and Tchaikovsky; with violin soloist Shlomo Mintz; at the von Moos-Stahl-Halle; Aug 23

OPERA

● Jakob Lenz (1977/78): by W. Rihm. Performed by the Opemensembel and Chor des Luzerner Theaters and the Luzerner Sinfonieorchester AML. Conducted by Peter Kuhn in a staging by Reto Nickler; at the Luzerner Theater; Aug 23, 25, 28

NEW YORK

EXHIBITIONS
Metropolitan Museum of Art
Tel: 1-212-570 3951
Ivan Albright, Magic Realist: retrospective consisting of 45 paintings by the Chicago-based artist Ivan Albright (1897-1983). Includes still-lives, character studies, 25 self-portraits and the "Picture of Dorian Gray" (1943-44) created for the film of the same name; to Sep 7

Museum of Modern Art

Tel: 1-212-708 9480
● Objects of Desire: The Modern Still Life - beginning with Cézanne, including masterpieces by Matisse and Picasso, and culminating with Pop art and contemporary works, this exhibition traces the art of this century through the various and evolving representations of objects; to Aug 26

● This retrospective of the Stenberg brothers promises to be MOMA's largest graphic design retrospective to date. Pioneers of advertising, the brothers are best known for the arresting posters they designed for Soviet cinema in the 1920s; to Sep 2

THEATRE

Belasco, 111 W. 44th St.
Tel: 1-212-239 6200
A Doll's House: Janet McTeer's much admired Nora plays opposite Owen Teale's Torvald in this sexually charged rendition of Ibsen's play, first seen in London and directed by Anthony Page

Lucille Lortel, 121 Christopher St.

Tel: 1-212-239 6200
As Bees in Honey Drown: by Douglas Carter Beane. Directed by Mark Brokaw. Cast includes T. Scott Cunningham and J. Smith-Cameron

Minetta Lane Theatre

Tel: 1-212-420 8000
Gross Indecency: The Three Trials of Oscar Wilde: Written and directed by Moisés Kaufman, based on transcripts, letters and other writings. Michael Emerson plays Wilde

OTTAWA

EXHIBITIONS
National Gallery of Canada
Tel: 1-613-990 1985
Renoir Portraits: featuring works from throughout his career, this exhibition includes some of Renoir's most famous paintings. The show will travel to Chicago and Texas; to Sep 14

PARIS

EXHIBITIONS
Jeu de Paume Tel: 33-1-4703 1250
César: major retrospective of one of the most important French sculptors of the twentieth century. Tracing the different approaches and materials with which he worked, the exhibition includes almost 500 objects; to Oct 19

Musée National d'Art Moderne, Centre Georges Pompidou

Tel: 33-1-4478 1233
Fernand Léger: retrospective of the early modernist, who emerged from the Cubist revolution around 1910 to move towards abstraction. His experiences in the war and socialist principles led him back to figurative painting. The exhibition will travel to Madrid and New York; to Sep 29

PESARO

Rossini Opera Festival
Tel: 39-721-33184
CONCERTS
Giovanna d'Arco: sung by mezzo-soprano Lucia Valentini Terrani. Programme includes works by Donizetti and Schubert. With the Or-Orchestra of Tuscany, conducted by Yves Abel; at the Teatro Rossini; Aug 23

OPERA

Il Barbiere di Siviglia: in a staging by Luigi Squarzina. With the Or-Orchestra of Tuscany, conducted by Yves Abel; at the Teatro Rossini; Aug 24

SALZBURG

Salzburg Festival Tel: 43-662-844501
CONCERTS
Arditti Quartet: in a programme including works by Pintscher; at the Mozarteum; Aug 27

OPERA

● Boris Godunov: by Mossorgski. Conducted by Valeria Gergiev in a staging by Herbert Wernicke. Samuel Ramey sings the title role. Cast also includes Philip Langridge. With the

Vienna Philharmonic, the Konzertvereinigung Wiener Staatsopernchor and the Slowakischer Philharmonischer Chor Bratislava; at the Grosses Festspielhaus; Aug 25

● Die Entführung aus dem Serail: by Mozart. New production. Conducted by Mark Minkowski and directed by François Abou Salem with designs by Francine Gaspar. With the Mozart Orchestra Salzburg and the Konzertvereinigung Wiener Staatsopernchor; at the Residenzchor; Aug 25, 28

● Die Zauberflöte: by Mozart. Christoph von Dohnányi conducts a new production by Achim Freyer. With the Vienna Philharmonic and the Konzertvereinigung Wiener Staatsopernchor; at the Felsenreitschule; Aug 24, 26, 28

● La Clemenza di Tito: by Mozart. Conducted by Gustav Kuhn, directed by Ursel and Karl-Ernst Hermann, and designed by Karl-Ernst Hermann. With the Camerata Academica Salzburg and the Konzertvereinigung Wiener Staatsopernchor; at the Kleines Festspielhaus; Aug 23, 27, 29

● Pelléas et Mélisande: by Debussy. New production conducted by Sylvain Cambreling and directed by Robert Wilson, with a cast including Dawn Upshaw. With the Philharmonia Orchestra and the Konzertvereinigung Wiener Staatsopernchor; at the Grosses Festspielhaus; Aug 23

● Othello: by Shakespeare. New production by London's Royal National Theatre, directed by Sam Mendes; at the Perner-Insel; Aug 23, 24, 25

SCHLESWIG-HOLSTEIN

CONCERTS
Music Festival Tel: 49-431-567080
NDR-Sinfonieorchester: conducted by Günter Wand in works by Schubert and Brahms; at the Schloss, Kiel; Aug 23, 24

TANGLEWOOD

Tanglewood Festival
Tel: 1-617-931 2000
CONCERTS
● Boston Symphony Orchestra: conducted by André Previn in an all-Mozart programme. With piano soloist Horacio Gutierrez; the Shed; Aug 23

● Boston Symphony Orchestra: conducted by Robert Shaw in works by Barber and Beethoven. With soprano Janice Chandler, mezzo-soprano Marietta Simpson, tenor Richard Clement and the Tanglewood Festival Chorus conducted by John Oliver; the Shed; Aug 24

JAZZ

Chick Corea and Gary Burton, on piano and vibraphone; Ozawa Hall; Aug 29

THE HAGUE

EXHIBITIONS
Museum Het Paleis
Tel: 31-70-338-1111
The Dandy - Fashion, Art and Literature. Dutch design duo Ravage have recreated three scenes: the dressing-room of George "Beau" Brummell, father of dandyism; the black dining room from Huysmans' novel *A rebours*; and the "summer dandy" with his all-white wardrobe, c. 1915. On the upper floor are 30 portraits of celebrated dandies and numerous accessories. On the top floor are caricatures, fashion plates and modern examples of the influence of the dandy; to Aug 31

VERONA

Arena di Verona Tel: 39-45-800 5151
CONCERTS
Verdi's Requiem Mass: Zubin Mehta conducts the Philharmonic Orchestra of Israel and the Choir of the Verona Arena. With soprano Daniela Dessi, mezzosoprano Marijana Lipovsek, tenor Vincenzo La Scola and bass Ruggero Raimondi; Aug 25

OPERA

● Aida: by Verdi. Conducted by Nello Santi (Roberto Tolomelli on Aug 28, 31), in a staging by Gianfranco de Bosio; Aug 24, 28

● Macbeth: by Verdi. New production designed by Pier Luigi Pizzi, with choreography by Gheorghe Iancu. Conducted by John Neschling; casts vary; Aug 23, 26

VIENNA

EXHIBITIONS
KunstHausWien Tel: 43-1-7120495
Schmidt-Rottluff (1884-1976): comprehensive exhibition of around 180 works by the German expressionist, comprising paintings, drawings, etchings, woodcuts and sculpture; to Aug 24

WASHINGTON

EXHIBITIONS
National Gallery of Art
Tel: 1-202-737 4215
Sculpture of Angkor and Ancient Cambodia: Millennium of Glory. Around 100 works dating from 8th-16th centuries make up this exhibition of Khmer sculpture, the first of its kind in the US. Previously seen in Paris, the show will travel to Japan; to Sep 28

FT Arts Guide e-mail:

susanna.rustin@ft.com
Listings supplied by ArtBase, Amsterdam. Tel: 31-20-664 6441
E-mail: artbase@plinet

Weekend Investor

Wall Street

August sleepy? Not this time around

Severe turbulence keeps dealers on their toes, reports John Authers

Dealers seem to have done without a summer holiday this year. August is usually a quiet month on Wall Street. When there are sharp swings in the market, they tend to be generated by technical factors, with few shares changing hands.

Dealing rooms are understaffed, while those that remain have at least half their minds in Cape Cod. Traders generally follow any lead they are offered, with the result that small moves in a stock often can be magnified into more drastic changes in share prices on a low volume of shares being traded.

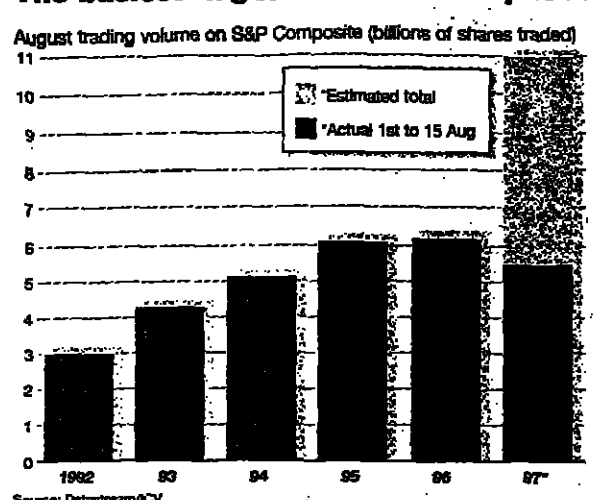
Could this explain Wall Street's severe turbulence of the past month? Starting on Friday last week, the Dow Jones Industrial Average logged five successive trading days in which it moved by 100 points or more, the first time this has happened. Within half an hour of opening yesterday, it had shed another 100 points, although it later began to claw back some of the losses.

While it is misleading to look at a points move in isolation, the 247.37-point fall on Friday last week demanded to be taken seriously. Even in percentage terms, it was the sharpest daily reverse the index had seen since 1991, at 3.21 per cent. Yet, on the first three days of this week, the cumulative gain was 4.24 per cent - again a significant move.

More peculiarly, the fluctuations cannot be explained by thin volume. By August 15, the day the market took its sharpest fall, the total number of shares traded in Standard & Poor's 500 stocks for the month had reached 5.48bn already, according to S&P. This means volume is on course to be double its normal level for the sleepiest month of the year. Last year, only 6.13bn shares changed hands during the whole month, while the figure in 1996 was 6.12bn.

So, these swings have been caused by real buying and selling. There are strong factions in Wall Street who are nervous that a serious correction is in the offing. But there are almost equal numbers to judge by the way the recent shifts have matched

The busiest August ever for US Equities



Source: Datastream/ICV

each other) who believe they have missed out and are taking any opportunities to buy stock when it is momentarily cheaper.

The general investing public seems less concerned. Vanguard, the nation's biggest seller of mutual funds at present - thanks in large part to the popularity of those which simply mirror market indices - reported that new investments have continued to exceed redemptions every day this month. The biggest blip came last Friday when new investments increased sharply as private investors attempted to buy on the dip.

Even in the dog days of summer, small investors were not prepared to follow Wall Street's lead. There is one leader, however, who traders will follow wherever he goes. Warren Buffett, the world's greatest investor and its second richest man, has a loyal following. Any fresh news about the portfolio held by Berkshire Hathaway, his investment vehicle, causes ripples on the market.

This week saw one of the most extreme reactions ever. His latest filing with the Securities and Exchange Commission - a document which all investment managers must lodge quarterly - had no mention of several of the companies in which he holds large stakes.

Most conspicuous by its absence was Wells Fargo, the San Francisco bank which has championed both ruthless cost-cutting and on-line commerce. At the beginning of the year, Buffett had

held an 8 per cent stake worth more than \$2bn.

As his followers know, he buys stock for the long term. But Wells Fargo has had an awful year, twice warning the market that it had failed to hold on to as many customers of its latest acquisition, the Los Angeles-based First Interstate, as it had hoped. It was - just - conceivable that Buffett had taken his profits and run. The result: pandemonium. When wire services broke the news yesterday, the bank's stock tumbled from \$266 to \$351 in less than an hour. Then the bank published a statement saying that Buffett still held a "substantial" stake.

Traders had forgotten that Buffett, like many other institutional investors, has negotiated partial exemption from regulators' reporting rules. If a holding reflects a proprietary trading strategy, he can keep quiet about it for 15 months. So, Wells Fargo's non-appearance on his filing implied nothing and the bank bounced back a little.

But the episode, which was accompanied by heavy block selling, underlined that the market is not conforming to its normal rules and that many traders are expecting bad news, even if their concerns are not matched by the public.

Dow Jones Ind Average
Monday 7933.35 + 108.70
Tuesday 7918.10 + 114.74
Wednesday 8021.23 + 103.13
Thursday 7933.95 - 127.28
Friday

London

Getting it right is not enough

Ross Tieman ponders the perils of the silly season

Hot town, summer in the City. The back of my neck is getting oh, so sticky.

FTSE's shaky, SmallCap's looking flaky. What do I say when the boss returns from holiday?

There is no mistaking the back-beat to the clinking glasses and over-loud laughter of the Square Mile's favourite outdoor watering holes. The London market in high summer is a dangerous place.

After a fall of 135.5 points in the FTSE index, to 4965.8 ahead of last weekend, dealers came in to their desks on Monday morning in nervy mood.

In the event, though, London's response to the Dow's 247-point slide proved robust. On Monday evening, Footsie closed at 4835.0,

down a modest 30.8 points.

Marketmakers said they saw some selling pressure, but not the sort of mass bail-out that would have precipitated a slide. And when Wall Street opened on a bright note, London's sang-froid was amply justified.

The recovery continued on Tuesday as fears of a correction diminished on both sides of the Atlantic. Footsie ended the day up another 79.2 points, at 4944.2.

A further 44.2 point gain on Wednesday was followed by a 19.6-point climb on Thursday to 4973.0 - a mere 13.3 points below its starting point a week before. But then, yesterday, the index took another precipitate downward lunge.

Wise heads have long absented themselves from the London market in the summer. They argue that, with most captains of industry and equity holding around the south of France or afloat on the Med, there is no one

left to take decisions of consequence.

But this has become increasingly tough on the deputies, who are left to manage billions of pounds in funds at the time of year when it is most difficult to discern market trends.

The soporific summer is a thing of the past. Time was when fatuous excuses were needed to enliven silly season trading. Buy Unilever because its Walls ice-cream sales will benefit from the hot weather. Or Whitbread because we are all out here drinking lager.

Today, though, only the most naive will swallow such tosh.

The buffeting to shares last week resulted from two opposing currents of investor thought. On the one hand, London's bears are worried that continued strong consumer spending will oblige the Bank of England to raise interest rates still further to rein



Pub-wise: overloud laughter was heard in the City's watering holes

back inflation. The bulls believe the Bank's arguments that UK interest rates are reaching a peak. They also see a lot of upside from the resumption of economic growth in continental Europe.

Under the negative scenario, still-higher interest rates would risk turning Britain's boom into bust as further increases in interest rates drove up sterling, pricing UK exporters out of overseas markets.

But the optimists foresee a soft landing. According to Robert Barrie, head of economics at broker E2W, "Interest rates might be close to a peak, and the pound may come off the top."

If starting also de-coupled from the dollar, and lost a little ground against European currencies, manufacturing exporters could also start to rebuild their profit margins.

To date, the bulls have had the best of it. Brokers who expected Footsie to finish the year at around 4,400 are now predicting year-end figures of 4,900 or even 5,000.

Yet, as the chart shows, this pre-occupation with the economic outlook, combined with a reluctance by market-makers to risk holding small company shares, has had a deleterious effect on the performance of smaller companies.

Jeremy Lang, investment director at River & Mercantile Investment Services, has been looking at the performance of various indices rel-

ative to expectations for corporate earnings growth. Under his analysis, roughly a third of quoted UK companies exceeded market expectations during the first six months, while two-thirds disappointed. The proportions were broadly the same, irrespective of company size.

An inspired investor who bought only the outperformers in Footsie would have beaten the All-Share index by 5 per cent, Lang says. A fund manager who bought only companies that disappointed would have beaten it by 4 per cent.

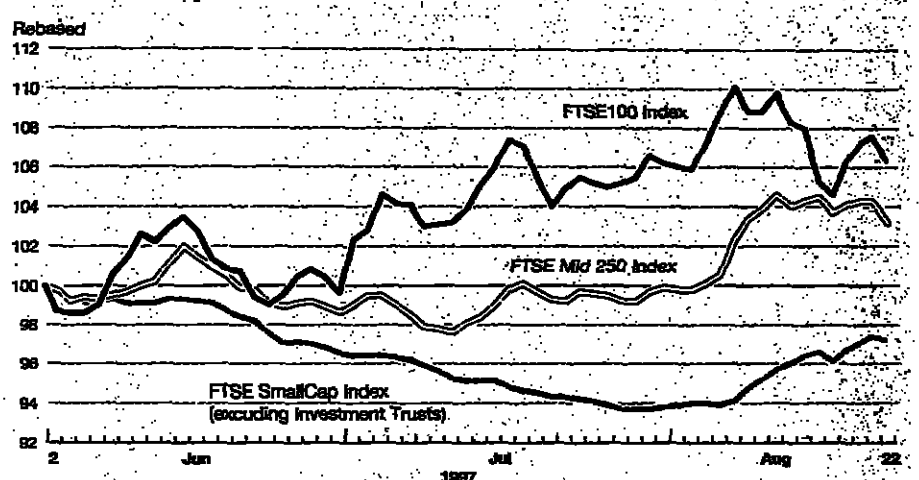
But a genius who bought only the 100 or so non-Footsie stocks that produced better-than-expected earnings would have beaten the All-Share by just 1.5 per cent. Had he bought the rest, he would have underperformed the market by a whopping 12 per cent.

"The divergence of performance between big and smaller cap shares has had nothing to do with fundamentals, exchange rates and economic vagaries, and everything to do with liquidity," he concludes.

In the London market today, getting it right is not enough. The overall market trend is being shaped by external worries about interest and exchange rates. Traders are unwilling to hold shares in a volatile market. Until that changes, stock-picking is a pointless exercise.

The wise deputy will buy an ice cream, freeze the portfolio, and head off to the pub to hear the new Oasis album.

Smaller companies feel the heat



Source: Datastream/ICV

Highlights of the week

	Price	Change	52 week	52 week
	1 day	on week	High	Low
FTSE 100 Index	4901.1	+35.3	5065.8	4056.8
British Energy (P/P)	170	+12	174	96%
British Telecom	438	+54%	302%	345%
Cadbury Schweppes	582%	-20%	627%	484
Dixons	664	+62%	664%	492
GKN	1184%	-70	1286%	907
Ladbrokes	260	+10	277	185%
PowerGen	786%	+54	797%	462%
Shell Transport	423%	+13	479%	310
Siebe	1065%	-89%	1182%	697
Smith (David J)	206%	-11	344	166%
Smith (W.H.)	376%	+22	533	333%
Torridans	314%	-17	336%	239
Vitac Group	601	+46	713	505
Weir Group	284%	+21	287	203%

Tony Jackson

Proof that inflation lives?

Rising asset prices may give the lie to its demise



It has been a fidgety week for equities on both sides of the Atlantic, but nerves have basically held. As usual these days, that boils down to one main inference: that the markets are still relaxed about inflation.

The argument about whether inflation is dead - and, if so, why - is perhaps a little sterile. But it relates only to the general price level. What about assets? Does the eightfold rise in US equities in the past 15 years, for instance, represent asset inflation? If so, is that compatible with the death of inflation in the rest of the economy?

The question is not merely academic. In Japan a decade ago, general inflation was approximately zero. But the equity market was in the process of doubling in the course of three years. As for real estate, it was frequently asserted, with some authority, that the emperor's palace in Tokyo was worth the same as the whole of California.

There are two points worth making here. First, general inflation in Japan did, in fact, rise with the bull market - to almost 4 per cent at the peak - before collapsing amid the savage asset deflation which followed. Second, Wall Street's latest doubling took not three years but 2½.

Perhaps we should step back and consider what we mean by asset inflation. A rough working definition might be asset prices rising over a period by more than nominal GDP. That

assumes the supply and quality of the assets remains broadly the same. So, when Japanese and Australian tycoons start buying Van Gogh paintings at rapidly mounting prices, as happened in the late 1980s, we may reasonably suspect that asset inflation is afoot.

We may also suspect the cause to be excess liquidity in the system, which is finding expression in asset prices

Asset inflation can be discerned only in retrospect. By then, it's too late to do anything about it

because inflation is being suppressed elsewhere. In the case of commercial real estate, for instance, this might well prove self-correcting. Those who pay higher prices will seek to raise rents accordingly. If they succeed, this will count towards general inflation and prompt the authorities to react. If they fail, the yield on real estate will be out of line with other asset classes.

Similar self-correction can be seen in house prices. In the UK, the average house price in the mid-1980s, as computed by Halifax, was around 3½ times the average salary. When prices ran amok at the end of the decade, the multiple rose to a peak of 5. It then slumped to a nadir of 3 early last year, and has since recovered marginally to 3.3.

When we come to equities, something of the sort should logically apply. Over the very

long run their price, as with houses, can rise only in line with people's ability to pay for them: that is, with nominal GDP. And, as with commercial property, if a rise in price is not accompanied by a rise in income, the yield will fall out of line with other asset classes.

But the comparison is tricky in other respects. The value of equities, unlike that of houses, is a secondary effect. It depends on

corporate earnings, whose share in GDP may be constant over time but fluctuates in a long cycle of its own.

In recent years, that share has been rising sharply and, at some point, presumably will turn down again. Meanwhile, it is plainly worrying that the market value of US equities as a share of GDP is at an all-time high.

As for dividends, the analogy with real estate is tricky as well. For dividend payments, unlike rents, do not count as a component of inflation. In the UK, payouts have been rising sharply in recent years. This is not seen as a warning signal, any more than the rise in equity prices.

In the US, of course, the warning signal is the other way, with the equity yield at an all-time low. It is commonly asserted that this is misleading, that the increasing prevalence of share buy-backs constitutes an

alternative means of distribution. As I have argued in this column before, that is largely specious.

In the end, it is impossible to say definitively whether there has been asset inflation in equities. On the one hand, Wall Street has risen about four times as fast as nominal US GDP since 1982. On the other, the starting point was plainly far too low.

On balance, I am inclined to believe there has been a degree of inflation. This brings us to the second part of the question. Must that eventually spill over into general prices, thus knocking away the main prop of the bull market?

Richard Jeffrey of Charterhouse argues that it must, in the UK at any rate. I am less sure. The forces suppressing general inflation - globalisation, technology and so forth - may still be imperfectly understood, but they are evidently very powerful.

If so, that is not necessarily less dangerous for the markets. Let us recall our earlier premise: that asset inflation is the product of excess liquidity, forcing up prices in some areas because it is not allowed to do so in others.

It should follow that the stronger the forces curbing general prices, the stronger the upward pressure on equities. The trouble is that, as in Tokyo in the late 1980s, asset inflation can be clearly discerned only in retrospect. And by then, of course, it is too late to do anything about it.



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Offshore managed funds and UK managed funds are listed in Section One

دكتور من الأهل

WEEKEND INVESTOR

Results due next week

Company	Sector	Announced	Last year	Dividend	This year
Company	Sector	Announced	Last year	Dividend	This year
FINANCIAL DIVIDENDS					
Beales Hunter	RETE	Wednesday	2.8	7.5	2.8
Epic Multimedia	RETE	Wednesday	2.01	-	2.21
Isoton	RETE	Wednesday	2.01	-	2.21
Jon Higgs	RETE	Wednesday	1.5	3.5	1.5
Photo-Me Int	RETE	Wednesday	1.5	3.5	1.5
Smith (NH) Group	RETE	Wednesday	5.26	10.4	5.26
Topps Tiles	RETE	Wednesday	-	-	-

Company	Sector	Announced	Last year	Dividend	This year
INTERIM DIVIDENDS					
Adtec (SSE)	RETE	Tuesday	0.594	0.596	-
Bell Gifford Shie	RETE	Friday	-	-	-
Cablecast, Robey & Co	RETE	Wednesday	1.25	1.75	-
Cyberport	RETE	Wednesday	1.5	3.3	-
Dawson Group	RETE	Thursday	2.0	4.0	-
Domnick Hunter	RETE	Wednesday	2.88	4.32	-
Ediplex Binda	RETE	Tuesday	1.0	2.0	-
Harbour Countrywide	RETE	Thursday	0.5	1.5	-
Inverack	RETE	Thursday	1.93	3.86	-
Irish Continental	RETE	Thursday	1.0	3.6	-
Irish Permanent	RETE	Thursday	4.8	8.26	-
Kellin Group	RETE	Wednesday	1.7	3.5	-
Keller Group	RETE	Wednesday	1.56	3.9	-
Kingspan Group	RETE	Thursday	1.96	2.8	-
LaBrosse Group	RETE	Thursday	2.4	3.8	-
MacFarlane Group	RETE	Thursday	1.47	2.828	-
Marley	RETE	Thursday	2.1	2.9	-
Providence Financial	RETE	Thursday	6.5	10.8	-
Reckitt & Coleman	RETE	Thursday	7.85	8.41	-
Relis-Regis	RETE	Thursday	2.0	3.3	-
Sanderson Bramall Motor	RETE	Thursday	1.8	3.2	-
Slough Estates	RETE	Thursday	3.25	5.75	-
T&N	RETE	Thursday	3	-	-
Techmyst Ltd	RETE	Thursday	-	-	-
Thomson Olive Investments	RETE	Friday	-	3.8	-
UK Safety	RETE	Friday	-	-	-
Upstart Int'l Higgs	RETE	Wednesday	2.8	-	-
Vital Action	RETE	Thursday	1.2	2.9	-

Dividends are shown net of tax and are adjusted for any intervening share issues. Figures are not normally available until about six weeks after the board meeting to approve preliminary results. † Irish currency. ‡ 2nd quarter. § 3rd quarter. This list is not necessarily comprehensive since companies are no longer obliged to notify the Stock Exchange of interim announcements.

Rights issues

None

Offers for sale, placements & introductions

None

Bids / deals

FirstBus, the coach and train operator, put in a bid to buy 51 per cent in Bristol International Airport, writes *Eniko Terazono*. The company is the UK's largest bus group, and its move into airports is a radical departure. The battle for Ulster Television continued. The company's directors increased their stake to 11 per cent while Scottish Media, the predator which owns Scottish Television and The Herald newspaper, bought more shares in the market. □ Midair, the business information company, is in talks to buy Knight Rider Information, a subsidiary of the Miami-based publisher. The asking price is believed to be \$500m.

Current takeover bids and mergers

Company	Value of bid	Value of bid	Value of bid	Value of bid
Company	Value of bid	Value of bid	Value of bid	Value of bid
BB & EA	75%	72%	70%	6.4
Barclays	66%	61%	44	36.88
Brockbank Group	68%	690	542%	65.60
Bruntcliffe Aggs	49	41%	39	26.31
Cent Transport Rnt	16%	15%	7	118.0
Collegians Group	95%	95	77%	21.56
Corinth	18%	182%	186	93.69
David Glass Asst	143	135	127%	7.72
Dalyn	116%	97%	81%	8.6
EFT Group	175%	187%	134	89.6
Eurodollar	190%	188	118%	93.1
Grampian TV	310%	313%	310%	102.3
GrandMet (4)	578	578	515	23,000
Grassby	211%	207%	148%	136.0
Inspiration	75%	72%	61%	23.85
JOK Oil & Gas	46	44	44	53.60
Midland Ind News	210%	202	188%	289.59
Nelson Hunt	185%	178%	129%	83.99
Nido Group	140%	135	136%	24.78
Roskel	144	134%	71	25.78
St James Beach Hst	200%	187%	190	46.4
Stamfield Res	75	72	67%	51.63
TLS	135%	131%	130%	65.88

Prices in pence unless otherwise indicated. † All cash offer. ‡ For capital not already held. § Unconditional. † Based on last-minute prices 22/8/97. ‡ 55 shares and cash. § Cash alternative. (4) Merging to form GNG Brands.

Directors' share dealings

Transactions in own companies August 11-18 1997

Company	Sector	Shares	Value	No of directors
SALES				
Abbey National	Bank	2,400	20	1
Angerstein Unwitt	Insu	75,000	72	1
Gerrard Group	Offsh	150,000	500	1
Robert Walters plc	SSer	2,758,508	8248	6
Sieba	Eng	30,000	354	1
Standard Chartered	Bank	35,000	364	1
GKN	EngV	17,000	218	1
Sainsbury (J) plc	RetF	221,885	1003	2
TI Group	Eng	79,000	484	1
PURCHASES				
City Centre Rest	Brew	12,779	16	1
Concentric	Eng	50,000	52	1
Erwin Group	BMMAM	100,000	221	1
Freepages Group	Media	750,000	285	1
Games Workshop	LAH	13,000	75	2
GEC	Elec	11,500	45	1
Independent Insu	Insu	122,797	1167	4
Maudsley (John)	BCor	29,500	55	1
Orbit	SSer	106,543	39	4
PhoneLink	Media	65,233	25	1
Royal Bank of Scot	Bank	10,000	60	1
Seton Healthcare	Hlth	6,000	26	1
Tomkins	Divl	117,274	367	4
UK Land	Prop	50,000	55	1
VOC Plc	Pharm	10,000	16	1
Willis Coroon	Insu	50,000	64	1

Companies must notify the Stock Exchange within the working days of a share transaction by a director. This list contains all transactions (listed and Airt), including exercise of options (†) if 100% subsequently sold, with a value over £10,000. Information released by the Stock Exchange. Shares traded are ordinary unless otherwise stated. Source: The Inside Track, Edinburgh, 0131-473 7070. † 11-15-97.

Last week's preliminary results

Company	Sector	Year	Pre-tax	Earnings	Dividend
Company	Sector	Year	Pre-tax	Earnings	Dividend
Alstom Lloyds	Insu	Mar	3,670 (1,200)	8.47 (3.47)	8 (3.57)
Alcan Ltd	Met	Mar	255 (205)	0.25 (0.25)	-
Average Bore	RETE	Jun	1,410 (1,400)	23.7 (22.8)	7.4 (7.2)
BSG	Met	Jun	313,700 (257,400)	16.8 (13.8)	6 (5.8)
Brown & Jackson	RETE	Jun	2,890 (10,000)	-	-
Canal Ribbit	Prop	May	3,280 (1,280)	18.4 (8.2)	7.58 (3.28)
Cargill	Met	Jun	3,270 (170)	6.3	5.2
Corn Syngenta	Met	Mar	480 (920)	16 (20.9)	12.5 (12)
Future Integrated	Met	Mar	538 (238)	-	-
Gardiner Enterprise	RETE	Jun	314 (2082)	6.48 (5.13)	8 (4.28)
Gowat American	RETE	Jun	212.24 (268.88)	-	-
Gilbertson Ltd	RETE	Jun	867 (2,860)	3.7 (10.8)	-
Hampton Trust	RETE	Jun	6,480 (8,880)	-	-
Hydro-Dynamic	RETE	Jun	836 (-)	-	2.6 (-)
Pico	RETE	Apr	2,830 (3,720)	20.3 (17.8)	8 (5.48)
Slam Selective	RETE	Mar	107 (188)	-	0.4
Stones	RETE	May	5,180 (4,280)	13.9 (14.2)	5.8 (5.2)
Syngenta Integ	Met	Jun	27,810 (19,240)	10 (8.2)	-
Whitney M-Low	Prop	Apr	188 (188)	-	-

Last week's interim results

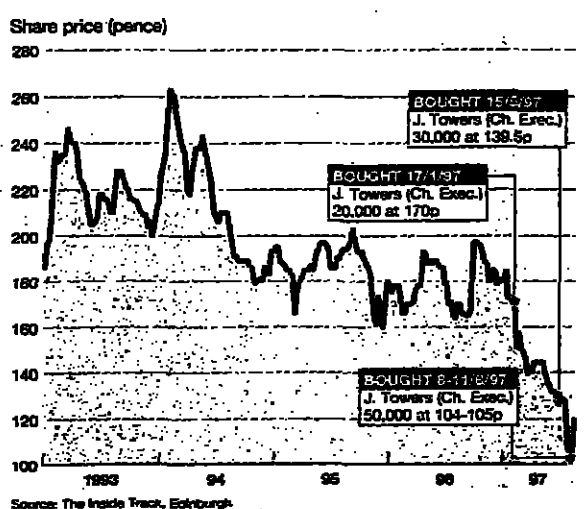
Company	Sector	Year	Pre-tax	Earnings	Dividend
Company	Sector	Year	Pre-tax	Earnings	Dividend
Alliance & Leicester	RETE	Jun	177,600 (193,400)	6.4 (-)	-
Alliance Trust	RETE	Jun	2,535 (2,430)	18.5 (17)	-
Argos	RETE	Jun	26,100 (31,800)	6.1 (5.3)	-
Atkins Trust	RETE	Jun	5,880 (4,500)	-	-
SLP	RETE	Jun	1,280 (802)	2.5 (1.5)	-
Baldwin	RETE	Apr	2,690 (3,100)	1.5 (1.5)	-
Barclay	RETE	Jun	462 (179)	0.8 (0.3)	-
Bodyside	RETE	Jun	23,500 (23,000)	3.5 (2.8)	-
Borden Hie	RETE	Jun	896 (901)	1.1 (0.8)	-
Bright (AF)	RETE	Jun	527 (405)	0.25 (-)	-
Burlington	RETE	Jun	44 (74)	-	-
CFS	RETE	Jun	292 (28)	-	-
Clarke (T)	RETE	Jun	1,100 (590)	2.05 (1.628)	-
Claxton	RETE	Jun	11,400 (10,500)	2.65 (2.38)	-
Dunelm Int Growth	RETE	Jun	379 (412)	-	-
Edinburgh ON & Gas	RETE	Jun	4,570 (2,280)	-	-
Edison	RETE	Jun	2,800 (2,000)	-	-
English & Scottish	RETE	Jun	203.3 (187.3)	0.95 (0.95)	-
ERS	RETE	Jun	11,000 (4,500)	-	-
Flaming Cloverhouse	RETE	Jun	531.8 (272.8)	1.45 (1.45)	-
Glaxo	RETE	Jun	5,100 (12,000)	-	-
General Cable	RETE	Jun	25,000 (12,500)	-	-
Glencroft	RETE	Jun	3,000 (530)	0.57 (0.45)	-
Group Tel	RETE	Jun	61.3 (62.7)	0.33 (0.33)	-
Halford	RETE	Jun	302,000 (549,000)	-	-
Henderson High Income	RETE	Jun	147.3 (129)	1.66 (1.6)	-
Highland Timber	RETE	Jun	338 (220)	-	-
ISS Optimum Inc	RETE	Jun	177.87 (-)	-	-
Man Group	RETE	Jun	4,500 (2,719)	2 (1.7)	-
Investor Enterprise	RETE	Jun	175 (182.5)	-	-
Jiv Tel Services	RETE	Jun	104.8 (80.9)	0.75 (0.725)	-
Jonica	RETE	Jun	30,300 (1,200)	-	-
JOK Oil & Gas	RETE	Jun	4,680 (2,481)	-	-
Johnson Cleaners	RETE	Jun	8,610 (5,250)	3 (2.9)	-
Johnson Fry	RETE	Jun	4,710 (1,480)	2 (2)	-
Jupiter Split	RETE	Jun	290.7 (253.8)	3.82 (3.28)	-
Microline	RETE	Jun	424 (1,818)	0.425 (0.425)	-
Nichols (M) (Wm)	RETE	Jun	4,130 (3,450)	2.7 (2.45)	-
Parco	RETE	Jun	5,680 (4,300)	1.6 (1.4)	-
Perry	RETE	Jun	4,880 (4,000)	3.45 (3.25)	-
Portsmouth	RETE	Jun	2,750 (2,520)	3.3 (3.3)	-
Quarto	RETE	Jun	521 (1,580)	2.2 (2.2)	-
Rentfield Int'l	RETE	Jun	193,800 (134,500)	0.88 (0.74)	-
Richardson	RETE	Jun	2,980 (2,490)	1.6 (1.4)	-
Smartfield-Heave	RETE	Jun	3,880 (1,800)	3.75 (1.75)	-
Sherwood Int'l	RETE	Jun	1,830 (710)	1.8 (1.3)	-
Shire Smith	RETE	Jun	188 (175.2)	1.375 (1.325)	-
Shorro	RETE	Jun	375 (412)	1.7 (2)	-
Taylor Nelson	RETE	Jun	5,520 (4,000)	0.5 (0.35)	-
Torrey & Carole	RETE	Jun	613 (574)	-	-
Trevel	RETE	Jun	1,520 (1,510)	1.5 (1.5)	-
Ultra TV	RETE	Jun	3,840 (4,670)	2.5 (2.25)	-
Ultra Electronics	RETE	Jun	8,690 (7,430)	2.4 (4)	-
Wace	RETE	Jun	56,800 (4,210)	-	-
Wes	RETE	Jun	27,800 (19,200)	2.54 (2.31)	-

(Figures in parentheses are for the corresponding period.) Dividends are shown net of tax per share, except where otherwise indicated. † Net asset value per share. ‡ Irish pence and pence. § 3-month figures. † US dollars and cents. © 24-month figures. † 24-month figures. † 3-month figures.

The week ahead
W.H. Smith is back

WEDNESDAY: Annual results from W.H. Smith, the retailer, are expected to show pre-tax profits of £125m compared with losses of £194.7m last time. But the return to the black is likely to be overshadowed by the group's continuing search for a chief executive following the departure in June of Bill Cockburn. Waterstone's, the book-seller, is expected to show the best increase in profits although the retail chain is also forecast to show a strong recovery. Profits from Virgin/Our Price are forecast to decline.

Concentric

Directors' dealings
Concentric purchase

There was another large purchase at Concentric, the engineering products group, where John Towers, chief executive bought 30,000 shares at 104p-105p, writes *Jan Forrest*. This was his third large purchase this year and it brings his holding to 110,000. The shares have underperformed the market by 55 per cent over the past year. □ A good set of final results in midweek was followed by two large purchases at Games Workshop, the toys and games retailer. Stephen Godber, UK managing director, and Dick Hosie, finance director, bought 13,000 shares between them at 85p. □ Largest sells were at Robert Walters, the international staff placement group, where the entire board bar the chairman sold 2.758m shares at 299p. Walters, the chief executive, led the way with 1.9m, although he retains 45m. This looks like a profit-taking exercise since the price has almost trebled since flotation a year ago and all the directors still have large holdings.

In the Pink

Sceptics of the world – it's time to unite

It's easy for investors to over-reach in a typical bull market phenomenon. Don't, says John Train

Consider the case of New Jersey. Recently, it floated the largest long-term US state bond issue ever – almost \$30m (£1.8bn) – not to refinance existing debt, or build hospitals or schools, but to buy common stocks.

Perhaps the state should have thought of this manoeuvre when the market was at 1,000 on the Dow Jones Industrial Average instead of 8,000, but that is not how things work. By the nature of things, stocks are unpopular when the market has been going down. When they are rising, folk rush to buy.

And never since 1929 has the market gone so long without a severe reaction, or risen as steeply as this. A bear market usually comes along every 3½ years or so but, this time, it will soon be seven years – longer than the 1923-1929 run, in fact.

An overlooked measure of investor enthusiasm is mutual fund shareholder turnover. A fund is supposed to solve your diversification and custody problems, although at a price. Theoretically, it is a very long-term solution. A quarter-century ago, investors held their funds for 12½ years on average. Today, buffeted by rumours and wizard wheezes, the holding period is 2½ years.

A clear indication of speculative fervour. In sum, sentiment is about as bullish as it gets. The objective grounds for caution are also strong. Some are notorious, notably the ratio of bond yields to stock yields: 4.5 times – the highest ever; the high price/earnings and price to book ratios, and the like.

(Contra this reasoning, one can argue that the p/e ratios are not completely out of line historically, considering today's low inflation rate, and that book means less for service and growth companies.)

Here, however, are some less familiar negative signals. First, for me, comes the rhythm of the market. Think of houses. Sometimes, prices are low and you can buy a house more cheaply than you can build it. Then prices get high and it's the other way around: one does better to build.

And never since 1929 has the market gone so long without a severe reaction, or risen as steeply as this. A bear market usually comes along every 3½ years or so but, this time, it will soon be seven years – longer than the 1923-1929 run, in fact.

Another objective measure – which, to be sure, is also partly an indicator of sentiment – is institutional cash. Mutual funds are holding their lowest cash percentage in 20 years, while pension funds and insurance companies have the highest ratio of equities to total assets in their history: almost 40 per cent, compared with half

that in the 1970s and 1980s.

Similarly, households now hold a third of all assets in stocks, as compared with about half that 20 years ago. In the latter 1960s, this ratio was even higher than now; it then collapsed after the 1974 crash. (On the other hand, there is about \$1,500bn in money funds and certificates of deposit available theoretically as potential support for the market.)

Household, business, and government debt stands at \$15,000bn, comparable with the value of all tangible

assets: very high, although growing more slowly now.

All this debt should be manageable if the economy remains strong, but recessions do come along from time to time. And, of course, the high levels of stock pricing today are based on strong earnings, not recession earnings. So, what does one do? To cope with an eventual recession, the answer is obvious: stocks in general will have trouble, perhaps a lot of trouble, while bonds should do well since they offer unusually high real returns already. These will rise as interest rates fall

FT WEEKEND

True Fiction

Tallest tales in the shortest stories

Skip the headlines and scour the littlest items on your paper's inside pages, says Kieran Cooke

The world is full of surprises. Take, for instance, the strange and no doubt terrifying experience of Melanie Thompson. Ms Thompson works on a checkout counter at a Co-op supermarket in Lancashire.

One day recently, as she stabbed her fingers at the till, totalling up the baked beans, heads of cauliflower and strings of sausages, she was overcome by a peculiar sensation.

Ms Thompson's knickers had spontaneously combusted. Imagine the commotion as the unfortunate worker moved to douse the flames. She was left with scarred buttocks. A fire officer was unable to explain the incident.

The headlines might talk of tumbling stock markets and princesses frolicking on Mediterranean yachts. These lavishly told stories pass me by. Instead I head for the few lines at the bottom of an inside page that tell a more personal story. Some call it trivia: but these small details of human existence are my obsession.

Such tales do not have to be comic. Some are tragic. What's important is that the imagination must be challenged and the spirit revived.

Not long ago, I was lying in hospital recuperating from a stomach operation. Hidden away beneath talk of Bill, Boris, Tony and the rest of the gang was an item concerning the travails of an English country publican and his family.

The family had decided to go on a caravan tour of France. At the last minute Grandma, 84, said she would like to come along.

On arrival at Folkestone it was discovered that Granny did not have her passport, or any other form of identification. The landlord refused to contemplate mak-

ing the arduous journey back down the motorway.

Granny was told to hop into the caravan and hide herself till the party had arrived in France. On arrival, the caravan door was opened and there was Grandma, dead.

The landlord decided to make a clean breast of things at the local prefecture. The landlord had little French, the prefect no English. Some award-winning miming took place. Prefect and family came out to inspect the scene of the crime.

And there was car, caravan and dead granny, gone. The story stopped there, but that is when the imagination kicked in. The thieves, probably a couple of local likely lads, drive off in the stolen English car. They drive to

a forest and discover one very cold Granny.

My obsession can feed off the barest of newspaper morsels. The other day I spotted a three-line item concerning an ostrich recovered from a ditch in the dead of night in Northern Ireland.

The story was short on detail. It merely said that the ostrich, which had escaped from a farm some miles away, was shaken but in good form. "Jack Cooke (no relation), who came across the bird, was treated for shock."

Imagine the scene. Our man Jack has had a skinful in Brannigan's select lounge. He comes out into the night air and whistles his way along the road towards home. He feels content

with the world. The moon shines on the Mourne mountains. A gentle August wind sighs through the beech trees.

Jack stops to relieve himself of a few pounds worth of the liquids consumed over the past few hours. He momentarily shuts his eyes. When he opens them he is met by a horrendous apparition.

An object like a giant upturned umbrella is walking towards him. Claws scratch across the tarmac. There is a low clucking sound. Jack is apologising for every sin he has ever committed.

Mercifully, the late bus comes round the corner. The ostrich and Jack stand frozen in the headlights. The passengers, many of whom have also been

sampling the warmth of Brannigan's hospitality, collapse in helpless laughter.

Some time ago, I became the subject of one of these short but compelling pieces of news. I was in Hull, attending an academic discussion on the plight of the Sumatran rhinoceros.

Walking through my hotel lobby after a somewhat lengthy luncheon, I became entangled in a dog lead and fell against a heavy velvet curtain.

Regaining my feet, I noticed a burning smell. The dog yapped, a woman screamed. People were wildly gesticulating at me. After a time - it must have been seconds but felt much longer - I noticed a searing sensation on my right thigh. My leg was on fire.

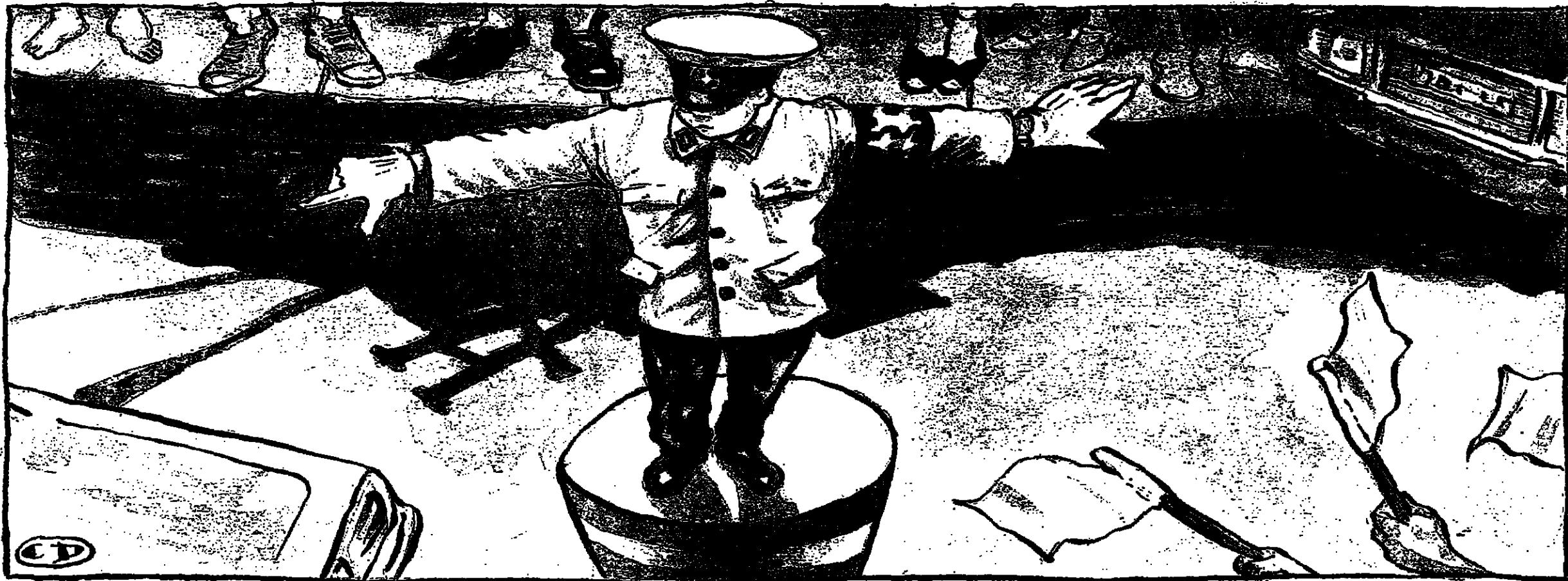
It took some time for my admittedly rather hazy mind to accommodate this fact. After all, falling down is usually about broken bones and bruised flesh, not fire.

I whipped my trousers off and danced on them, more as a reaction to the pain gripping my inner thigh than with any larger idea of fire-fighting in mind. Meanwhile, the velvet curtain was flaming away.

Mercifully, a wholesale conflagration was averted by the prompt action of a passing guest (a retired army colonel) who, with great presence of mind, grabbed a fire extinguisher and covered curtain, lobby and me in gobs of foam.

As I lay in hospital having my thankfully superficial burns dressed, a fire officer explained that a box of non-safety matches in my pocket had, with the force of my fall, ignited.

"Fire dance in hotel lobby" was the headline on a four-line story at the bottom of a page in the local newspaper. Discerning readers must have had a good chuckle.



Metropolis

Drivers on the wheel of ill-fortune

James Harding finds Shanghai's traffic police resorting to education and severe punishment

I obtained my Chinese driving permit on Thursday. By Monday, I had been stopped by the police four times, fined once, had points docked from my licence and my car had been towed away.

This, I can assure you, has nothing to do with the quality of my driving and everything to do with the zeal of Shanghai's traffic police.

"People here do not have a deep understanding of traffic regulations. We have a duty to improve their traffic awareness through a combination of education and severe punishment," says Wang Bing.

The Ministry of Public Security has nominated Wang as an "Outstanding Policeman of the Year" for his services to traffic management and Shanghai's municipal government has declared him one of the "Top Ten Young People of the City". Beijing has recognised the Yanan Road intersection as one of the "Top Traffic Islands" in China.

For six hours a day, he stands on what looks like a large red-and-white-striped hatbox in the middle of Yanan Road and with a pair of white gloves, a peaked

white cap and a whistle, he stamps his authority on the local pandemonium. In his spare time, he does "charity work" ushering children across the road to school, and, on a voluntary basis, he teaches the highway code to junior high school children.

But Wang is not starry-eyed about the work that remains to be done. "Let's face it, there are still a lot of traffic jams in Shanghai. The city has developed very quickly, there are more and more cars but people still do not really appreciate the rules and regulations on traffic."

A stern telling-off is the standard penalty for a wayward pedestrian at Yanan Road. But for crimes more serious than jaywalking, the Shanghai police believe in punishment that both disciplines and educates the offender - namely, a stint on the sidewalk directing traffic.

Cyclists who ride in the bus lane - or pedestrians who cross the road in the face of oncoming traffic - are called over by the local police, courteously saluted and then criticised. They are given a yellow flag with which to direct cyclists to remain in the

cycle lanes and pedestrians to stay on the pavements. For ten minutes they enforce the law they have just contravened.

In Xiamen, a city on China's south east coast that has been hailed as an example of modern "spiritually civilised" living, not least because of its quiet, orderly streets, traffic offenders carry the flag until they catch another transgressor, who must then take the flag until he catches the next person who breaks the rules.

What makes Yanan Road such a challenging crossroads, according to Wang, is that "there are a lot of foreigners around here because there are a lot of hotels".

Educating foreigners is not always easy. "If a foreigner violates the traffic regulations - and most of the foreigners respect the traffic laws," he lies politely, "then at first we salute them, then we proceed to explain the offence or administer a fine. If they do not speak Chinese, then we use gestures to explain the situation."

Sign language, though, does not always work.

On my second day behind the wheel in China, I stopped at a

roundabout to change music tapes - from John Coltrane (cool, but not Chinese driving music) to the Jackson Five.

A policeman knocked on the window and barked at me. Being in a good mood, and probably lifted by Michael Jackson singing "I want you back", I thought he was just helpfully directing me

A stern telling-off is the standard penalty for a wayward pedestrian

across the chaotic crossroads. But he pulled me over.

My two companions, an Italian banker and an otherwise law-abiding Latvian lawyer, advised me not to speak any Chinese. So when asked for my *jiashichen*, I said, in my best English: "I left it at home, officer." Same response when asked for my *hushao*. And again when

asked for my *jiuluzhen*. He waved his hands. I smiled.

Then, he got on the radio to the station: "Sir, I've got a foreigner here, who stopped at the intersection to change a cassette, blocking the traffic. I've pulled him over, but he doesn't speak any Mandarin. When I ask him for his driving licence or passport or residence permit he just smiles and says 'No! No! No!'"

His superior crackled: "Right, well put him on to me, I'll handle this." Pause. The young traffic cop gingerly buzzed back: "But, sir, you don't speak any English either." Pause followed by muffled recriminations followed by gestures waving me on my way.

The traffic police had their revenge within 12 hours. Lost in Shanghai, but feeling cocky - the Jacksons were still in the stereo - I made a U-turn on a three-lane highway, swinging into a bicycle lane and a fine. There are 5,800 traffic police on the beat in Shanghai and, to keep you on your toes, hundreds of traffic cop mannequins on the surrounding highways, so if you break the rules you are likely to get caught, or at least feel guilty.

As the policeman explained (with hand signals) my error and wrote out the ¥5 (40p) ticket, a crowd gathered round: "You've been fined. You have to go to the police station. To pay the fine!" I thanked them for the extra education.

That afternoon, I was stopped for talking on a mobile phone while driving. In the early evening, I was stopped for no obvious reason at all.

By dinner time, I was wary. I parked on the corner of a street and, being a know-nothing, I asked a policeman if I could park there and he said "yes". When I returned an hour later the car was gone. So I went to the same policeman, Mr Huang, and asked him where my car was. He said it had probably been towed away. So, off to the compound to argue my case.

What the Suzhou Creek car compound did not know is that I come from a family of frustrated barristers. In the Marylebone Road magistrates court, my father, a doctor, has fought and lost - with dignity - repeatedly unjust and indefensible parking tickets in central London.

So when the Suzhou traffic police wanted to fine me for parking in the wrong place, I started softly but firmly and rounded off my peroration with a slavish appeal to national pride: "If you went to London and were told by a policeman that it was OK to park somewhere and then another policeman said it was not and they towed your car away and wanted to fine you, what would you think of London?"

They went into a huddle, shouted at each other, and if not actually apologised, handed back my driving licence gruffly. A little free education in return. I doubt I would have got off so lightly with Wang. He and his colleagues at the Yanan Road intersection believe in raising the rate of fines.

What they are more ambivalent about is traffic lights. On the one hand, they say: "Traffic lights should be respected as part of the traffic law." On the other, they know that in the future "when people have a stronger sense of the rules of the road, they will need fewer and fewer traffic police; and more intersections will just have traffic lights".

Arcadia

Problems of the made-up moniker

Jim Kelly considers the best and worst in the business of place-naming

The name of the Old Success Inn is the only clue left to a great story. The pub is close to Land's End in a small village called Sennen Cove, where success came from the sea.

Each year, the fishermen rowed their boat (The Queen of the Sea) and trailed a sein net across the bay. To ward off bad luck, the women were locked indoors. Good luck was a net beached on the sand bursting with pilchards, and the men were paid in tokens redeemable at the village inn, owned by the pilchard company.

The pub name has seen better days. The homegrown history behind local nomenclature has been lost to modern marketing and placeless, odourless, humdrum and tasteless titles. Communities have been lumbered with lame jokes - the Frog and Radiator or The Lord's a Money - while others feature fish, rats and parrots, and slugs and lettuce in surreally crass combinations.

How long before the imaginations of brewery executives and their PR helpers spawn the Mouse and Modern? They are already flirting with the

foul: The Merchant Banker is an open invitation to Cockney rhyming slang - a lame joke on first hearing becomes a small but permanent monument to bad taste.

The problem with the made-up moniker is that it will never be as good as the genuine article rooted in rural tradition - names emerging from the processes which bring together place, time and language. It is not just about the placement of a pub or town; individual identity is at stake.

We have to admit that we have lost our feel for the poetry of place. No one can cross the Mersey without realising that Liverpool is a descriptive gem. The colour of the water in the historic "pool" could not be closer to that of fresh liver. Too many new names suffer from wishful thinking. The American west is littered with

good intentions - from Paradise to Paris. We also uproot and transport names: there are 14 Oxfords in the US alone, with no Ox to cross and no need for a ford.

The problem is that the naming of places is not taken seriously enough. A Whitehall spokesman, when asked to set out the legislative framework for place-naming says: "That's an unusual request - I'm sure someone somewhere is responsible for it."

In fact, the person who builds a new street has the right to name it - but must give notice to the local authority under the Public Health Act 1925. The council then has a month to object. Disputes can go to a magistrates court. Many councils take their duties seriously. East Cambridgeshire District Council, based in the cathedral city of Ely, has a code

of practice on how to name streets.

The code spells out the functional importance of names. "It's not just the postman who needs properly identified streets," says Bryan Housden, building control manager. The emergency services rely on unambiguous names, legal transactions on official addresses, and trucks and vans need clear signs for deliveries.

Ely trawls widely for local knowledge. "We like to see local names - names important to the community. Otherwise we could be faced with Wimpey Way every time."

But in the suburban fringes and new towns, names can be poorly thought out. The last resort is The Avenue or The Crescent. Developers - if left unchecked - pick promotional names to sell property which are

dull to live with. Flocks of birds, Lake District beauty spots, prize ministers and ducks are favourite devices.

So what can be done? Local councils need to use their veto more often. They could form naming sub-committees with co-opted members from the local history society, literary society, a local geologist and specialists in flora and fauna. Social services and the churches could put forward the names of citizens worthy of street credibility.

Names should be encouraged to leave behind Street, Road, Avenue, Lane and all the rest (East Cambs' code lists 40 suffixes). Some of the best street names need none of these - Marlborough's Treacle Bolly is named after the toffee apples sold en route to the fair.

Good new names do not have to be pretty and councils should

be encouraged to stick with the historical, even if it is unflattering. Three Holes, north of Ely, commemorates the original bridge with three arches which crossed the local waterway. Cambridgeshire also boasts a Piddle, Yelling, Ugly and a host of evocative fens - including Grunty and Black.

James Hopkins, managing director of Hanson Land, has been trying to find a name for the new town being built south of Peterborough which eventually will house 13,000 people.

He needs to name up to 300 streets. The site was called The Bricks - the historic home of the London Brick Company. Hopkins wanted to leave behind images of clay pits and dereliction and to resist "developes". The operating name was Peterborough Southern Township. One way

suggested following the logic of Soweto (South western township) by calling it Peseto.

"We needed it to be simple, short, and easy to spell - and easy to suffix and prefix," says Hopkins. The eventual choice - Hampton - was invented to fit this bill. Since then, Hopkins has gone back to the old field rolls to find place names, such as Serpentine Green. He says that naming could be better organised. "I don't think it is taken seriously enough. People head for simplistic imagery."

Old street names provide priceless clues to our history. Unless we take care with new names, they will hold nothing for the future.

We could run competitions, knowing that some answers will inevitably be awful. Hanson Land did that at Peterborough, and some suggestions were thoughtful - Norman Gate reflected local history - and others were more the stuff of the modern pub moniker, including the disturbing Wayne and Tracy City.

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